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衍生集團(國際)控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6893)

**SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE
AND
PLACING OF EXISTING SHARES BY CONTROLLING
SHAREHOLDER**

**PROPOSED SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC
MANDATE**

The Board is pleased to announce that, on 27 April 2016 (after trading hours), the Company entered into the Subscription Agreements respectively with Fullshare and Zall Capital, each being an Independent Third Party.

Pursuant to the Fullshare Subscription Agreement, Fullshare has conditionally agreed to subscribe for 250,000,000 Fullshare Subscription Shares at the Subscription Price which shall be satisfied by the issue of Fullshare Consideration Shares and payment of HK\$64,600,000 cash consideration. Pursuant to the Zall Capital Subscription Agreement, Zall Capital has conditionally agreed to subscribe for, 30,000,000 Zall Capital Subscription Shares at the Subscription Price which shall be satisfied by payment of HK\$35,400,000 in cash.

Accordingly, the aggregate of 280,000,000 Subscription Shares to be issued pursuant to the Subscription Agreements represent approximately 34.98% of the total number of issued Shares of the Company as at the date of this announcement and approximately 25.91% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the number of issued Shares after the date of this announcement and before completion of the Subscription Agreements).

The net cash proceeds from the issue of the Subscription Shares pursuant to the Subscription Agreements, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$99,000,000.

SPECIFIC MANDATE

The Company will seek the Specific Mandate from the Shareholders at the EGM to allot and issue the Subscription Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE EGM

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve among other things, the Subscription Agreements and the transactions contemplated thereunder (including but not limited to the Specific Mandate).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting at the EGM in respect of the Subscription Agreements and the transactions contemplated thereunder (including but not limited to the Specific Mandate).

A circular containing, amongst other things, (i) further information on the Subscription Agreements; (ii) the Specific Mandate; and (iii) a notice of the EGM and a form of proxy will be despatched to the Shareholders as soon as practicable. It is expected that the circular will be despatched to the Shareholders on or about 31 May 2016.

PLACING OF EXISTING SHARES BY CONTROLLING SHAREHOLDER

Pursuant to the public float requirement under Rule 8.08(1)(a) of the Listing Rules, at least 25% of the total number of issued shares of a listed company must at all times be held by the public. As the allotment and issue of the Subscription Shares will result in the shareholding held by the public fall below 25%, it is one of the conditions precedent of the Subscription Agreements that the Controlling Shareholder having placed out the Placing Shares.

The Company has been informed by the Controlling Shareholder, that it had entered into the Placing Agreement with the Placing Agent on 27 April 2016 (after trading hours) for the Placing, on a best-effort basis, of up to 50,000,000 Placing Shares held by the Controlling Shareholder at the Placing Price of HK\$1.18 per Placing Share.

As at the date of this announcement, the Controlling Shareholder is interested in approximately 74.96% shareholding interest of the Company. Assuming all of the 50,000,000 Placing Shares are placed out, immediately upon completion of the Placing, the shareholding interest of the Controlling Shareholder will be reduced to 68.71%. Such shareholding of the Controlling Shareholder will further be reduced to approximately 50.90% immediately upon completion of the Subscriptions.

Following completion of the Placing and the Subscriptions, 280,468,000 Shares will be held in the hands of the public, representing approximately 25.96% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the number of issued Shares after the date of this announcement and before completion of the Subscription Agreements). Accordingly, the Company shall maintain the 25% minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules after completion of the Subscription Agreements.

The Shareholders and potential investors should be aware that the Subscription Agreements and the transactions contemplated thereunder are subject to the fulfilment of the respective conditions precedent, and therefore the proposed issue of the Subscription Shares may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTIONS

The Board is pleased to announce that, on 27 April 2016 (after trading hours), the Company entered into the Subscription Agreements respectively with Fullshare and Zall Capital, each being an Independent Third Party.

A. Fullshare Subscription Agreement

The principal terms of the Fullshare Subscription Agreement are set out as follows:

Date

27 April 2016 (after trading hours)

Parties

- (i) the Company (as issuer); and
- (ii) Fullshare (as subscriber)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Fullshare and its ultimate beneficial owner(s) are Independent Third Parties.

Fullshare Subscription Shares

Pursuant to the Fullshare Subscription Agreement, Fullshare has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 250,000,000 Fullshare Subscription Shares at the Subscription Price. The 250,000,000 Fullshare Subscription Shares represents approximately (i) 31.23% of the total number of issued Shares as at the date of this announcement; (ii) 23.80% of the total number of issued Shares as enlarged by merely the issue of the Fullshare Subscription Shares; and (iii) 23.14% of the total number of issued Shares as enlarged by both the issue of Fullshare Subscription Shares and Zall Capital Subscription Shares. The aggregate nominal value of the Fullshare Subscription Shares will be HK\$25,000,000.

The Fullshare Subscription Shares will be issued pursuant to the Specific Mandate to be approved at the EGM. The Fullshare Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Fullshare Subscription Shares.

Consideration

Based on the Subscription Price of HK\$1.18 per Fullshare Subscription Share, the consideration for the Fullshare Subscription Shares shall be HK\$295,000,000 which shall be settled by Fullshare in the following manner on the completion of the Fullshare Subscription Agreement:

- (1) as to HK\$64,600,000 payable by Fullshare in cash to the Company; and
- (2) as to the remaining balance of HK\$230,400,000, Fullshare shall issue 118,765,000 Fullshare Consideration Shares to the Company (or such wholly-owned subsidiary as nominated by the Company).

The Fullshare Consideration Shares, represents (i) approximately 0.76% of the total number of issued Fullshare Shares as at the date of this announcement; (ii) and approximately 0.75% of the total number of issued Fullshare Shares as enlarged by the issue of the Fullshare Consideration Shares (assuming that there is no other change in the number of issued Fullshare Shares between the date of this announcement and before completion of the Fullshare Subscription Agreement). The aggregate nominal value of the Fullshare Consideration Shares is HK\$1,187,650.

The issue price of HK\$1.94 per Fullshare Consideration Share represents (i) a discount of approximately 19.83% to the closing price of HK\$2.42 per Fullshare Share as quoted on the Stock Exchange on the date of the Fullshare Subscription Agreement; and (ii) a discount of approximately 14.91% to the average closing price of approximately HK\$2.28 per Fullshare Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Fullshare Subscription Agreement.

The issue price of HK\$1.94 per Fullshare Consideration Share was determined after arm's length negotiations between Fullshare and the Company on the date of the Fullshare Subscription Agreement with reference to the recent trading price of the Fullshare Shares and the current market conditions. The Directors consider that such issue price is fair and reasonable and that the issuance of the Fullshare Consideration Share to settle part of the consideration for the Fullshare Subscription Shares is in the interests of the Company and the Shareholders as a whole.

The Fullshare Consideration Shares will be issued under the general mandate obtained by the directors of Fullshare which allowed the allotment and issuance of up to 2,714,000,000 Fullshare Shares, being 20% of the issued share capital of Fullshare as at the date of the annual general meeting of Fullshare on 14 May 2015. Fullshare will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Fullshare Consideration Shares.

Subscription Price

The Subscription Price of HK\$1.18 per Fullshare Subscription Share represents:

- (i) a discount of approximately 33.33% to the closing price of HK\$1.77 per Share as quoted on the Stock Exchange on the date of the Fullshare Subscription Agreement; and
- (ii) a discount of approximately 22.37% to the average closing price of approximately HK\$1.52 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Fullshare Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and Fullshare on the date of the Fullshare Subscription Agreement with reference to the recent trading price of the Shares and the current market conditions.

Conditions of Fullshare Subscription Agreement

Completion of the Fullshare Subscription Agreement is conditional upon:

- (A) the Shareholders having approved the Fullshare Subscription Agreement and the transactions contemplated thereunder accordance with the applicable Listing Rules (including but not limited to the Specific Mandate);
- (B) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Fullshare Subscription Shares which may only be subject to conditions as are customarily stipulated by the Stock Exchange, and such approval not having been revoked;
- (C) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Fullshare Consideration Shares which may only be subject to conditions as are customarily stipulated by the Stock Exchange, and such approval not having been revoked;
- (D) the Controlling Shareholder, having placed the Placing Shares to the Placee(s) (who shall be Independent Third Parties) at a price not lower than HK\$1.18 per Placing Share; and each Placee having undertaken to the Company and the Controlling Shareholder that, within 6 months after the Placing Shares are issued to it, it shall not, directly or indirectly:
 - (i) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Placing Shares placed to it or any interest in such Placing Shares (which includes any interest in a company which holds the Placing Shares) or securities that constitute or confer the right to receive the Placing Shares or securities convertible into or exercisable or exchangeable for or repayable with the Placing Shares;
 - (ii) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Placing Shares placed to it, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Placing Shares or other securities, in cash or otherwise; or

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) and (ii) above;

However, the above restrictions shall not apply to create or entering into of any agreement to create any pledge or change in respect of any of the Placing Shares.

- (E) the Company being able to maintain the public float as required by the Stock Exchange or under the Listing Rules after the completion of the Fullshare Subscription Agreement;
- (F) the Company's warranties having remained true and accurate in all material respects;
- (G) Fullshare's warranties having remained true and accurate in all material respects;
- (H) the subscription of the Fullshare Subscription Shares not triggering an obligation to make a mandatory general offer under the Takeovers Code by Fullshare and/or parties acting in concert (as defined in the Takeovers Code) with it; and
- (I) there being no Material Adverse Effect.

Fullshare may at any time waive in writing conditions in paragraphs (F) and/or (I) above and such waiver may be made subject to such terms and conditions as may be determined by Fullshare. The Company may at any time waive in writing condition in paragraph (G) above and such waiver may be made subject to such terms and conditions as may be determined by the Company. All other conditions may not be waived.

If any of the conditions set out above have not been fulfilled or waived by the Company or Fullshare (as the case may be) at or before 4:00 p.m. on 30 June 2016 (or such other date as the parties may agree in writing), the Fullshare Subscription Agreement shall lapse, whereupon all rights and obligations of the parties thereto shall cease to have effect except in respect of any accrued rights and obligations of the parties.

Lock-up undertaking by Fullshare

In respect of the Fullshare Subscription Shares (but not any other Shares that Fullshare may own or hold), Fullshare undertakes to the Company that, within 3 years after completion of the Fullshare Subscription Agreement, it shall not, directly or indirectly:

- (1) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Fullshare Subscription Shares or any interest in such Fullshare Subscription Shares (which includes any interest in a company which holds the Fullshare Subscription Shares) or securities that constitute or confer the right to receive the Fullshare Subscription Shares or securities convertible into or exercisable or exchangeable for or repayable with the Fullshare Subscription Shares;
- (2) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Fullshare Subscription Shares, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Fullshare Subscription Shares or other securities, in cash or otherwise; or
- (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (1) and (2) above.

However, the above lock-up restrictions shall not apply to (i) a transfer of the Fullshare Subscription Shares (or the interest therein) to any wholly-owned subsidiary of Fullshare; and (ii) creation or entering into of any agreement to create any pledge or charge in respect of the Fullshare Subscription Shares.

Lock-up undertakings by the Company

In respect of the Fullshare Consideration Shares, the Company undertakes to Fullshare that within 3 years after completion of the Fullshare Subscription Agreement, the Company shall not, directly or indirectly:

- (1) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Fullshare Consideration Shares or any interest in such Fullshare Consideration Shares (which includes any interest in a company which holds the Fullshare Consideration Shares) or securities that constitute or confer the right to receive the Fullshare Consideration Shares or securities convertible into or exercisable or exchangeable for or repayable with the Fullshare Consideration Shares;
- (2) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Fullshare Consideration Shares, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Fullshare Consideration Shares or other securities, in cash or otherwise; or
- (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (1) and (2) above.

However, the above lock-up restrictions shall not apply to the creation or entering into of any agreement to create any pledge or charge in respect of the Fullshare Consideration Shares.

Directorship in the Company

Pursuant to the Fullshare Subscription Agreement, the parties agreed that on and from completion of the Fullshare Subscription Agreement and for such time as Fullshare (together with its affiliates) holds, directly or indirectly, more than 20% of the Shares in issue:

- (1) To the extent not contravening the Articles and all applicable laws, rules (including the Listing Rules), regulations and codes applicable to the Company, Fullshare shall have the right from time to time to nominate one person to be appointed and to continue in office as an executive director of the Company and one person to be appointed and to continue in office as a non-executive director of the Company, provided that such persons shall fulfill and comply with relevant qualifications and requirements as directors of the Company under applicable laws, rules (including the Listing Rules), regulations and codes; and
- (2) the Company shall on reasonable endeavours permissible by the Article and all applicable laws, rules (including the Listing Rules), regulations and code procure that the persons nominated by Fullshare to be directors of the Company shall constitute at least one-fourth of the Board membership.

Completion

Completion of the Fullshare Subscription Agreement will take place within 10 Business Days following the satisfaction (or waiver in accordance with the terms of the Fullshare Subscription Agreement) of the conditions precedent set out in the Fullshare Subscription Agreement (or such other date as the Company and Fullshare may agree).

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to, deal in the Fullshare Subscription Shares.

B. Zall Capital Subscription Agreement

The principal terms of the Zall Capital Subscription Agreement are set out as follows:

Date

27 April 2016 (after trading hours)

Parties

- (i) the Company (as issuer); and
- (ii) Zall Capital (as subscriber)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zall Capital and its ultimate beneficial owner(s) are Independent Third Parties.

Zall Capital Subscription Shares

Pursuant to the Zall Capital Subscription Agreement, Zall Capital has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 30,000,000 Zall Capital Subscription Shares at the Subscription Price. The 30,000,000 Zall Capital Subscription Shares represents approximately (i) 3.75% of the total number of issued Shares as at the date of this announcement; (ii) 3.61% of the total number of issued Shares as enlarged by merely the issue of the Zall Capital Subscription Shares; and (iii) 2.78% of the total number of issued Shares as enlarged by both the issue of Zall Capital Subscription Shares and Fullshare Subscription Shares. The aggregate nominal value of the Zall Capital Subscription Shares will be HK\$3,000,000.

The Zall Capital Subscription Shares will be issued pursuant to the Specific Mandate to be approved at the EGM. The Zall Capital Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Zall Capital Subscription Shares.

Subscription Price

The Subscription Price of HK\$1.18 per Zall Capital Subscription Share represents:

- (i) a discount of approximately 33.33% to the closing price of HK\$1.77 per Share as quoted on the Stock Exchange on the date of the Zall Capital Subscription Agreement; and
- (ii) a discount of approximately 22.37% to the average closing price of approximately HK\$1.52 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Zall Capital Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and Zall Capital on the date of the Subscription Agreement with reference to the recent trading price of the Shares and the current market conditions.

Conditions of Zall Capital Subscription Agreement

Completion of the Zall Capital Subscription Agreement is conditional upon:

- (A) the Shareholders having approved the Zall Capital Subscription Agreement and the transactions contemplated thereunder in accordance with the applicable Listing Rules (including but not limited to the Specific Mandate);
- (B) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Zall Capital Subscription Shares which may only be subject to conditions as are customarily stipulated by the Stock Exchange, and such approval not having been revoked;
- (C) the Controlling Shareholder, having placed the Placing Shares to the Placee(s) (who shall be Independent Third Parties) at a price not lower than HK\$1.18 per Placing Share; and each Placee having undertaken to the Company and the Controlling Shareholder that, within 6 months after the Placing Shares are issued to it, it shall not, directly or indirectly:

- (i) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Placing Shares placed to it or any interest in such Placing Shares (which includes any interest in a company which holds the Placing Shares) or securities that constitute or confer the right to receive the Placing Shares or securities convertible into or exercisable or exchangeable for or repayable with the Placing Shares;
- (ii) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Placing Shares placed to it, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Placing Shares or other securities, in cash or otherwise; or
- (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) and (ii) above;

However, the above restrictions shall not apply to create or entering into of any agreement to create any pledge or change in respect of any of the Placing Shares.

- (D) the Company being able to maintain the public float as required by the Stock Exchange or under the Listing Rules after the completion of the Zall Capital Subscription Agreement;
- (E) the Company's warranties having remained true and accurate in all material respects;
- (F) Zall Capital's warranties having remained true and accurate in all material respects;
- (G) the subscription of the Zall Capital Subscription Shares not triggering an obligation to make a mandatory general offer under the Takeovers Code by Zall Capital and/or parties acting in concert (as defined in the Takeovers Code) with it; and
- (H) there being no Material Adverse Effect.

Zall Capital may at any time waive in writing conditions in paragraphs (E) and/or (H) above and such waiver may be made subject to such terms and conditions as may be determined by Zall Capital. The Company may at any time waive in writing condition in paragraph (F) above and such waiver may be made subject to such terms and conditions as may be determined by the Company. All other conditions may not be waived.

If any of the conditions set out above have not been fulfilled or waived by the Company or Zall Capital (as the case may be) at or before 4:00 p.m. on 30 June 2016 (or such other date as the parties may agree in writing), the Zall Capital Subscription Agreement shall lapse, whereupon all rights and obligations of the parties thereto shall cease to have effect except in respect of any accrued rights and obligations of the parties.

Lock-up undertaking by Zall Capital

In respect of the Zall Capital Subscription Shares (but not any other Shares that Zall Capital may own or hold), Zall Capital undertakes to the Company that, within 6 months after completion of the Zall Capital Subscription Agreement, it shall not, directly or indirectly:

- (1) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Zall Capital Subscription Shares or any interest in such Zall Capital Subscription Shares (which includes any interest in a company which holds the Zall Capital Subscription Shares) or securities that constitute or confer the right to receive the Zall Capital Subscription Shares or securities convertible into or exercisable or exchangeable for or repayable with the Zall Capital Subscription Shares;
- (2) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Zall Capital Subscription Shares, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Zall Capital Subscription Shares or other securities, in cash or otherwise; or
- (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (1) and (2) above.

However, the above lock-up restrictions shall not apply to (i) a transfer of the Zall Capital Subscription Shares (or the interest therein) to any wholly-owned subsidiary of Zall Capital; and (ii) creation or entering into of any agreement to create any pledge or charge in respect of the Zall Capital Subscription Shares.

Completion

Completion of the Zall Capital Subscription Agreement will take place within 10 Business Days following the satisfaction (or waiver in accordance with the terms of the Zall Capital Subscription Agreement) of the conditions precedent set out in the Subscription Agreement (or such other date as the Company and Zall Capital may agree).

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to, deal in the Zall Capital Subscription Shares.

USE OF PROCEEDS AND REASON FOR THE SUBSCRIPTIONS

Fullshare is principally engaged in the property development, provision of green building services and investment. As disclosed in the management discussion and analysis in the Fullshare's annual report for the year ended 31 December 2015, the Fullshare Group will expedite the development in healthcare industry.

Zall Capital is an investment holding company and only owns a minority stake of a private company at the date of the announcement. Zall Capital is ultimately wholly owned by Mr. Yan Zhi who is the co-chairman, chief executive officer and executive director of Zall Development Group Ltd, whose shares are listed on the Stock Exchange (stock code: 2098) and the chairman and non-executive director of CIG Yangtze Ports PLC, whose shares are listed on the Stock Exchange (stock code: 8233).

The Group is principally engaged in developing, marketing, selling and distributing a wide variety of personal care products, health care products and household products under various brands. In particular, the Group has a comprehensive portfolio of quality health supplement products under “Hin Sang” brand, a leading brand in children’s health supplement in Hong Kong.

The Board considers that the terms of the Subscription Agreements, which have been negotiated on arm’s length basis on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board considers that, while broadening the shareholder base of the Company, the Subscriptions represent a valuable opportunity for the Company to bring in renowned investors with strong financial resources and background and extensive business network, which in turn would bring strategic value to the Group. Also, the Board believes that Fullshare in becoming a shareholder of the Company will provide synergy to the Group in the development of its business in the healthcare industry.

The Group is cooperating with the Fullshare Group to carry out a traditional Chinese physical alliance plan, and is in discussion with the Fullshare Group relating to the feasibility to establish flagship clinic to provide traditional Chinese medical services for mothers and children in Hong Kong.

The gross cash proceeds from the issue of the Subscription Shares will be approximately HK\$100,000,000 and the net cash proceeds, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$99,000,000. The Company shall use the net cash proceeds payable by Fullshare and Zall Capital in the approximate amount of HK\$99,000,000 to invest in the joint venture company to be established with Fullshare by Group in relation to the development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services. For further details of the aforesaid joint venture, please refer to the Company’s separate announcement dated 27 April 2016.

PLACING OF EXISTING SHARES BY CONTROLLING SHAREHOLDER

The Placing Agreement

The Company has been informed by the Controlling Shareholder, that it had entered into the Placing Agreement with the Placing Agent on 27 April 2016 (after trading hours) for the Placing, on a best-effort basis, of up to 50,000,000 Placing Shares held by the Controlling Shareholder at the Placing Price of HK\$1.18 per Placing Share.

Placing Shares

The 50,000,000 Placing Shares represent approximately 6.25% of the total number of issued Shares as at the date of this announcement.

The Controlling Shareholder holds 600,000,000 Shares, representing approximately 74.96% of the total number of issued Shares as at the date of this announcement. Assuming all of the 50,000,000 Placing Shares are placed out, upon completion of the Placing, the number of Shares held by the Controlling Shareholder will decrease to 550,000,000 Shares, representing approximately 68.71% of the total number of issued Shares.

Placees

Pursuant to the Placing Agreement, the Placees and their respective ultimate beneficial owners shall be third parties independent of and not connected with or acting in concert (as defined in the Takeovers Code) with (i) the Controlling Shareholder; (ii) the Company or its subsidiaries; or (iii) any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or connected persons or any of their respective associates.

It is expected that none of the Placees will become a substantial shareholder of the Company. If any of the Placees will become a substantial shareholder of the Company upon completion of the Placing, further announcement will be made by the Company.

Placing Price

The Placing Price is HK\$1.18 per Placing Share, representing:

- (i) a discount of approximately 33.33% to the closing price of HK\$1.77 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 22.37% to the average closing price of approximately HK\$1.52 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Completion of Placing

Completion of the Placing is expected to take place at any time after the date of the Placing Agreement (or such other date as the parties may agree) but in any event before 30 June 2016, unless the parties agree otherwise.

Further announcement will be made by the Company in relation to the completion of the Placing, as and when appropriate, in accordance with the Listing Rules.

PUBLIC FLOAT

Pursuant to the public float requirement under Rule 8.08(1)(a) of the Listing Rules, at least 25% of the total number of issued shares of a listed company must at all times be held by the public. As the allotment and issuance of the Subscription Shares will result in the shareholding held by the public fall below 25%, it is one of the conditions precedent of the Subscription Agreements that the Controlling Shareholder having placed out the Placing Shares.

As at the date of this announcement, the Controlling Shareholder is interested in approximately 74.96% shareholding interest of the Company. Assuming all of the 50,000,000 Placing Shares are placed out, immediately upon completion of the Placing, the shareholding interest of the Controlling Shareholder will be reduced to 68.71%. Such shareholding of the Controlling Shareholder will further be reduced to approximately 50.90% immediately upon completion of the Subscriptions.

Following completion of the Placing and the Subscriptions, 280,468,000 Shares will be held in the hands of the public, representing approximately 25.96% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the number of issued Shares after the date of this announcement and before completion of the Subscription Agreements). Accordingly, the Company shall maintain the 25% minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules after completion of the Subscription Agreements.

EFFECT OF THE SHAREHOLDINGS STRUCTURE OF THE COMPANY

The following table illustrates (by reference to the information on shareholdings available to the Company as at the date of this announcement) the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Placing; and (iii) immediately after allotment and issuance of the Subscription Shares, on the assumption that there is no other change in the number of issued Shares after the date of this announcement and before completion of the Subscription Agreements.

Shareholders	As the date of this announcement		Immediately after Placing (assuming all of the Placing Shares are placed out)		Immediately after the allotment and issuance of the Subscription Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Controlling Shareholder	600,000,000	74.96	550,000,000	68.71	550,000,000	50.90
Fullshare	-	-	-	-	250,000,000	23.14
<i>Public:</i>						
Zall Capital	-	-	-	-	30,000,000	2.78
Placees	-	-	50,000,000	6.25	50,000,000	4.63
Other public shareholders	200,468,000	25.04	200,468,000	25.04	200,468,000	18.55
Total	<u>800,468,000</u>	<u>100</u>	<u>800,468,000</u>	<u>100.00</u>	<u>1,080,468,000</u>	<u>100</u>

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months preceding the date of this announcement.

THE EGM

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve among other things, the Subscription Agreements and the transactions contemplated thereunder (including but not limited to the Specific Mandate).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting at the EGM in respect of the Subscription Agreements and the transactions contemplated thereunder (including but not limited to the Specific Mandate).

A circular containing, amongst other things, (i) further information on the Subscription Agreements; (ii) the Specific Mandate; and (iii) a notice of the EGM and a form of proxy will be despatched to the Shareholders as soon as practicable. It is expected that the circular will be despatched to the Shareholders on or about 31 May 2016.

The Shareholders and potential investors should be aware that the Subscription Agreements and the transactions contemplated thereunder are subject to the fulfilment of the respective conditions precedent, and therefore the proposed issue of the Subscription Shares may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	means the board of Directors
“Business Day”	means a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Company”	means Hin Sang Group (International) Holding Co. Ltd, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange

“Constitution”	means the memorandum and articles of associates of the Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	Genwealth Group Holding Company Limited, being the controlling shareholder of the Company and as at the date of this announcement holding 600,000,000 Shares, which represent approximately 74.96% of the total number of issued Shares
“Director(s)”	means the director(s) of the Company
“EGM”	means the extraordinary general meeting to be convened to consider and, if thought fit, passing the resolution(s) to approve, among others, the Subscription Agreements and the Specific Mandate
“Fullshare”	means Fullshare Holdings Limited 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 607)
“Fullshare Consideration Share(s)”	means the 118,765,000 shares to be issued by Fullshare as part of the payment of the consideration for the Fullshare Subscription Shares, on terms set out in the Fullshare Subscription Agreement
“Fullshare Group”	means Fullshare and its subsidiaries
“Fullshare Share(s)”	means ordinary share(s) of HK\$0.01 each in the share capital of Fullshare
“Fullshare Subscription Agreement”	the conditional subscription agreement dated 27 April 2016 entered into between the Company and Fullshare in relation to the issue and subscription of the Fullshare Subscription Shares

“Fullshare Subscription Share(s)”	means 250,000,000 new Shares to be subscribed by Fullshare and to be issued by the Company at the Subscription Price pursuant to the Fullshare Subscription Agreement
“Group”	means the Company and its subsidiaries
“Hong Kong”	means Hong Kong Special Administrative Special Region of the People’s Republic of China
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	means third parties who are not connected persons of the Company and are independent of and not connected with the Company and its connected persons
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	means any change, event or circumstance, occurrence or any combination thereof arising or occurring, the effect of which has, or is reasonably likely to have, a material adverse effect on (i) the business, operations, assets, liabilities (including contingent liabilities), financial condition, financial results or prospects of the Group as a whole, or (ii) the ability of the Group to perform its obligations under the Subscription Agreements
“Placee(s)”	means the purchasers to be procured by the Placing Agent to purchase the Placing Shares, who shall be Independent Third Parties and independent of Fullshare and Zall Capital
“Placing”	means the placing of 50,000,000 existing Shares held by the Controlling Shareholder to the Placee(s) at the Placing Price

“Placing Agent”	means Guotai Junan Securities (Hong Kong) Limited who together with its ultimate beneficial owners are Independent Third Parties and is not acting in concert with the Controlling Shareholder or parties acting in concert with the Controlling Shareholder
“Placing Agreement”	means the placing agreement dated 27 April 2016 entered into between the Controlling Shareholder and the Placing Agent in relation to the Placing
“Placing Price”	means the placing price of HK\$1.18 per Placing Share
“Placing Share(s)”	means 50,000,000 existing Shares held by the Controlling Shareholder to be placed by the Placing Agent under the Placing Agreement
“Share(s)”	means the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	means holder(s) of the Share(s)
“Specific Mandate”	means the proposed specific mandate to be sought at the EGM to allot and issue the Subscription Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	means the Fullshare Subscription Agreement and Zall Capital Subscription Agreement
“Subscription Price”	means the subscription price of HK\$1.18 per Subscription Share
“Subscription Share(s)”	means the Fullshare Subscription Share(s) and Zall Capital Subscription Share(s)

“Subscriptions”	means the subscription of Shares under Fullshare Subscription Agreement and Zall Capital Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers
“Zall Capital”	Zall Capital Limited, a company incorporated in the British Virgin Islands
“Zall Capital Subscription Agreement”	the conditional subscription agreement dated 27 April 2016 entered into between the Company and Zall Capital in relation to the issue and subscription of the Zall Capital Subscription Shares
“Zall Capital Subscription Share(s)”	means 30,000,000 new Shares to be subscribed by Zall Capital and to be issued by the Company at the Subscription Price pursuant to the Zall Capital Subscription Agreement
“%”	means per cent.

By order of the Board of
Hin Sang Group (International) Holding Co. Ltd.
Pang Siu Hin
Chairman

Hong Kong, 27 April 2016

As at the date of this announcement, the executive directors are Mr. Pang Siu Hin and Ms. Kwan Lai Man, the non-executive director is Ms. Wong Wai Ling, and the independent non-executive directors are Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung.