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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hin Sang Group (International) Holding Co. Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 MAJOR AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 25 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from TC Capital International Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 39 of this circular.

A notice convening the EGM to be held at Flat B, 12/F, Hi-Tech Centre, 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong on Thursday, 23 June 2016 at 10:00 a.m. is set out on pages 49 to 52 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

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DEFINITIONS

In this circular (other than in the notice of EGM), the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	means the board of Directors
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	means Genwealth Group Holding Company Limited, being the controlling shareholder of the Company and as at the date of this announcement holding 550,000,000 Shares, representing approximately 68.71% of the total number of issued Shares
“Director(s)”	means the director(s) of the Company
“EGM”	means the extraordinary general meeting of the Shareholders to be convened to consider, and if thought fit, approve the JV Agreement and the transactions contemplated thereunder
“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 Shares”	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”	means the share subscription agreement entered into by the Company with Fullshare on 27 April 2016 in relation to the subscription of 250,000,000 new Shares by Fullshare
“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

DEFINITIONS

“Group”	means the Company and its subsidiaries
“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a corporation licensed to carry on type 1 (dealing in securities), type 6 (advising on corporate finance) regulated activities under the SFO, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the JV Agreement and the transactions contemplated thereunder
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung, established to advise the Independent Shareholders in respect of the JV Agreement
“Independent Shareholders”	means all Shareholders other than any Shareholders with a material interest in the transactions contemplated under the JV Agreement
“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
“JV Agreement”	means the joint venture agreement dated 27 April 2016 entered into between the Company and Fullshare
“JV Board”	means the board of directors of the JV Company
“JV Company”	means the new company to be established pursuant to the JV Agreement
“JV Group”	means the JV Company and its subsidiaries
“JV Shareholders”	means the shareholders of the JV Company, being the Company and Fullshare

DEFINITIONS

“JV Shares”	means the share(s) of the JV Company
“Latest Practicable Date”	2 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	means the loan in the amount of not less than HK\$58,280,000 to be advanced to the JV Company by the Controlling Shareholder
“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
“percentage ratio”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan
“Placee(s)”	means the purchasers to be procured by Guotai Junan Securities (Hong Kong) Limited to purchase the Placing Shares, who shall be Independent Third Parties and independent of Fullshare and Zall Capital
“Placing Share(s)”	means 50,000,000 Shares held by the Controlling Shareholder which was placed by the Placing Agent under the Placing Agreement
“Shareholder’s Loan”	means the loan in the amount of not less than HK\$69,400,000 to be advanced to the JV Company by the Company

DEFINITIONS

“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 Announcement”	the announcement of the Company dated 27 April 2016 in relation to, inter alia, the Subscription Agreements
“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.

LETTER FROM THE BOARD

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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)

Executive Directors:

Mr. Pang Siu Hin
Ms. Kwan Lai Man

Non-executive Director:

Ms. Wong Lai Ling

Independent Non-executive Directors:

Mr. Lee Luk Shiu
Dr. Tang Sing Hing, Kenny
Mr. Tsui Nam Hung

Registered Office:

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

*Headquarter, head office and
principal place of business
in Hong Kong:*

Flat B, 12/F., Hi-Tech Centre
11 Wang Yip Street West
Yuen Long
New Territories
Hong Kong

3 June 2016

To the Shareholders

Dear Sirs,

**SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE
AND
MAJOR AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE**

INTRODUCTION

Reference is made to the two announcements of the Company dated 27 April 2016 in relation to, inter alia, the Subscription of new Shares under Specific Mandate and the formation of the JV Company. Pursuant to the Subscription Agreements dated 27 April 2016, the Company will

LETTER FROM THE BOARD

issue a total of 280,000,000 new Shares to Fullshare and Zall Capital under the Specific Mandate. The net proceeds obtained from the Subscription Agreements shall be used to finance the capital contribution and Shareholder's Loan payable by the Company to the JV Company to be set up pursuant to the JV Agreement dated 27 April 2016 entered into by the Company and Fullshare. The JV Company will be a non-wholly owned subsidiary of the Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the Subscription Agreements and the transactions contemplated thereunder; (ii) the Specific Mandate; (iii) the JV Agreement and the transactions contemplated thereunder; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the JV Agreement and the transactions contemplated thereunder; (v) a letter from TC Capital International Limited containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the JV Agreement and the transactions contemplated thereunder; and (vi) the notice of EGM.

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.

LETTER FROM THE BOARD

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 the Subscription 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 the Subscription 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 the Subscription Announcement and before completion of the Fullshare Subscription Agreement). The aggregate nominal value of the Fullshare Consideration Shares is HK\$1,187,650.

LETTER FROM THE BOARD

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; (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; (iii) and a discount of approximately 33.33% to the closing price of HK\$2.91 per Fullshare Share as quoted on the Stock Exchange on the Latest Practicable Date.

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;
- (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;
- (iii) a discount of approximately 32.18% to the closing price of HK\$1.74 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 176.74% to HK\$0.4264 per Share, being the net asset value of the Group per Share as at 30 September 2015.

LETTER FROM THE BOARD

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

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- (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 31 July 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.

As at the Latest Practicable Date, condition (D) above has been fulfilled.

LETTER FROM THE BOARD

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;

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- (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).

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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;
- (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;
- (iii) a discount of approximately 32.18% to the closing price of HK\$1.74 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 176.74% to HK\$0.4264 per Share, being the net asset value of the Group per Share as at 30 September 2015.

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

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 31 July 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.

As at the Latest Practicable Date, Condition (C) above has been fulfilled.

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.

LETTER FROM THE BOARD

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

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.

Notwithstanding the Fullshare Group is principally engaged in the property development, provision of green building services and investment, Fullshare has expanded and expedited its development in healthcare business by acquiring medical and healthcare related companies and appointing personnel who have extensive management experience and network in the healthcare industry. Fullshare's controlling shareholder and chairman, Mr. Ji Changqun, has extensive network in traditional Chinese medicine in the PRC and Singapore. As such, the Board believes that with the business of Fullshare in the healthcare industry and with Fullshare becoming a shareholder of the Company, Fullshare can provide synergy to the Group in the development of the Group's business in the healthcare industry.

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 JV Company.

LETTER FROM THE BOARD

EFFECT OF THE SHAREHOLDINGS STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) 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 at the Latest Practicable Date		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>
Controlling Shareholder	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	<u>200,468,000</u>	<u>25.04</u>	<u>200,468,000</u>	<u>18.55</u>
Total	<u><u>800,468,000</u></u>	<u><u>100.00</u></u>	<u><u>1,080,468,000</u></u>	<u><u>100.00</u></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 circular.

THE JV AGREEMENT

Date: 27 April 2016

Parties: (1) the Company

(2) Fullshare

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Fullshare and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

Upon completion of the Fullshare Subscription Agreement, Fullshare will become a substantial shareholder of the Company holding approximately 23.80% of the Company's shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company.

- | | |
|------------------------------------|--|
| Conditions precedent: | The JV Agreement will take effect upon satisfaction of the following conditions precedent:– <ul style="list-style-type: none">(i) all necessary approvals and consents to the execution of the JV Agreement and the performance of the transactions hereby contemplated being obtained;(ii) the transactions contemplated under the Subscription Agreements having been completed; and(iii) the Company having obtained approval from the Shareholders and having complied with the relevant requirements under the Listing Rules in relation to the JV Agreement and the transactions contemplated hereunder. |
| Scope of business: | development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services. |
| Subscription of JV Shares: | <ul style="list-style-type: none">(1) the Company shall subscribe for 306,000,000 JV Shares for HK\$30,600,000 in cash, representing 51% of the total issued share capital of the JV Company(2) Fullshare shall subscribe for 294,000,000 JV Shares for HK\$29,400,000 in cash, representing 49% of the total issued share capital of the JV Company |
| Funding commitment of the Company: | <ul style="list-style-type: none">(1) the Company shall provide the Shareholder's Loan of not less than HK\$69,400,000 to the JV Company. The Shareholder's Loan shall be advanced on a date to be determined by the JV Board which shall bear interest of 2% per annum for a term of 3 years, repayable on demand at such time as the JV Board shall determine; |

LETTER FROM THE BOARD

- (2) the Company shall procure the provision of the Loan of not less than HK\$58,280,000 to the JV Company by the Controlling Shareholder. The Loan shall be advanced on a date to be determined by the JV Board which shall bear interest of 2% per annum for a term of 3 years, repayable on demand at such time as the JV Board shall determine.

The capital contributions and the funding commitment are determined after arm's length negotiation of the parties and with reference to the initial funding needs of the JV Company and the agreed share of each party in the total amount of issued capital of the JV Company.

The capital contribution and the funding commitment on the part of the Company shall be satisfied by the cash proceeds from the Subscriptions pursuant to the Subscription Agreements and internal resources.

Capital contribution and total investment amount of the JV Company:

The total contribution to the capital of the JV Company by the JV Shareholders is HK\$60,000,000, which is equivalent to their subscription monies for the JV Shares. The total investment amount of the JV Company shall be not less than HK\$187,680,000 which consists of the aforesaid share capital of HK\$60,000,000, the Shareholder's Loan of not less than HK\$69,400,000 and the Loan of HK\$58,280,000.

Board composition:

The JV Board will consist of 5 directors, 3 of which shall be nominated by the Company and Fullshare shall nominate 2 directors.

Dividend:

the JV Shareholders shall procure that for each financial year, the distributable profits of each member of the JV Group other than the JV Company are distributed up to the JV Company by way of dividend and that the JV Company distributes by way of dividend not less than 25% of the profits of the JV Company available for distribution after appropriation of prudent and proper reserves including allowance for future working capital and provision for tax.

LETTER FROM THE BOARD

The dividend of the JV Company shall be declared and distributed to the JV Shareholders according to their respective shareholding interest in the JV Company.

Transfer of JV Shares: Subject to the terms and conditions of the JV Agreement, no transfer of any JV Shares shall be made by either JV Shareholder within a period of three years from the date of the JV Agreement and no transfer shall be made thereafter unless the provisions contained in the Articles of Associations are complied with. No JV Shareholder shall otherwise sell, mortgage, charge, or otherwise dispose of or encumber the whole or any part of its shareholding or assign or otherwise purport to deal with the beneficial interest therein or any right in relation thereto separate from the legal interest.

REASONS AND BENEFITS OF THE FORMATION OF JV COMPANY

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.

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 and manufacturing proprietary Chinese medicine products. 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 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 Group will cooperate with Fullshare to expand the business of mother-infant Chinese medical healthcare as well as diagnosis and treatment services in mainland China, Hong Kong, Southeast Asia and Australia in the future, in particular by leveraging on the "two-child" policy in the mainland China to expand the huge market in mother-infant healthcare there.

The Directors believe that the JV Company can leverage on the financial resources, experience and connections of the JV Shareholders to develop its business in the healthcare industry which will further diversify and broaden the scope of the healthcare business of the Group.

LETTER FROM THE BOARD

The JV Shareholders intend to use the share capital and the loans of the JV Company of approximately HK\$187,680,000 as follows:

- (i) approximately HK\$90,000,000 will be used for acquisition of pharmaceutical factory(ies);
- (ii) approximately HK\$80,000,000 will be used for the development of medical centre(s) and/or hospital (where appropriate) in the PRC;
- (iii) approximately HK\$10,000,000 will be used for the development of medical centre(s) in Hong Kong;
- (iv) approximately HK\$3,680,000 will be used for the development of medical centre(s) in Singapore; and
- (v) approximately HK\$4,000,000 will be used for the general working capital of the JV Company.

The JV Company initially targets to set up the aforesaid medical centre(s) and hospital(s) by way of self-development but will also consider acquisition if suitable opportunities arises.

According to the JV Agreement, if the JV Company needs further funding support after utilisation of the share capital and the loans mentioned above, Fullshare shall assist the JV Company to obtain borrowings from banks or other financial institutions for the JV Group as required by the JV Board with the amount as may be agreed in writing by Fullshare. As such, the Board considers that the JV Company will have sufficient funds in case the JV Group needs further financial support and will not require the Company to provide additional funding to the JV Company.

The Directors consider that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, no Director had a material interest in the transaction contemplated under the JV Agreement and thus was required to abstain from voting at the Board meeting for considering and approving the JV Agreement.

FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE COMPANY

The Group intends to finance the capital contribution and the fund commitment in the JV Company of HK\$100 million by cash proceeds from the Subscriptions pursuant to the Subscription Agreements and internal resources. Also, the Company shall procure a provision of a Loan of not less than HK\$58,280,000 to the JV Company by the Controlling Shareholder.

LETTER FROM THE BOARD

The Company shall subscribe 306,000,000 JV Shares, representing 51% of the total issued share capital of the JV Company, for HK\$30,600,000 in cash and shall provide a Shareholder's Loan of not less than HK\$69,400,000 to the JV Company. As the fund will be supported by the cash proceeds from the Subscriptions, it is expected that the Company does not require financing from external borrowings to fulfill the subscription and Shareholder's Loan. On the other hand, an interest expense will be incurred by the Group from the loan by the Controlling Shareholder. Other than that, the overall effects of the transactions on the future earnings of the Group will depend on the return to be generated from the projects the JV Company shall invest in.

The JV Company will be accounted for as a 51% indirectly owned subsidiary of the Company and its results will be consolidated into the financial statements of the Group. Since the Controlling Shareholder will provide the Loan of not less than HK\$58,280,000 to the JV Company and Fullshare will subscribe the JV Shares for HK\$29,400,000 in cash, the cash balance of the Group will be increased after consolidation. As such, upon completion of the Subscriptions, the capital contribution into and provision of the Loan and the Shareholder's Loan to the JV Company, the assets of the Group will increase by approximately HK\$417 million and the liabilities of the Group will increase by approximately HK\$58 million.

LISTING RULES IMPLICATIONS

Since Fullshare will become a substantial shareholder holding approximately 23.80% of the Company's shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company upon completion of the Fullshare Subscription Agreement, the formation of the JV Company will constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the capital contribution of the Company in the JV Company together with the Shareholder's Loan exceed 25% but are less than 100%, the JV Agreement and the transactions contemplated thereunder constitutes a major and connected transaction for the Company under Chapter 14 and 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to, among other things, the JV Agreement and the transactions contemplated thereunder. TC Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

None of the Directors has a material interest in the Subscription Agreements, the Specific Mandate and the JV Agreement and the transactions contemplated thereunder, thus no Director is required to abstain from voting on the relevant Board resolutions.

LETTER FROM THE BOARD

The Loan to be advanced by the Controlling Shareholder to the JV Company constitutes financial assistance from a connected person to the Group under Chapter 14A of the Listing Rules but is fully exempt from disclosure, circular, independent financial advice and shareholders' approval requirement under Rule 14A.90 as the Loan is made on normal commercial terms and is not secured by the assets of the Group (including the assets of the JV Group).

EGM AND ACTIONS TO BE TAKEN

The EGM will be held at Flat B, 12/F, Hi-Tech Centre, 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong on Thursday, 23 June 2016 at 10:00 a.m. to consider and, if thought fit, approve, inter alia, the Subscription Agreements and the transactions contemplated thereunder, the Specific Mandate and the JV Agreement and the transactions contemplated thereunder.

A notice convening the EGM is set out on pages 49 to 52 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

Pursuant to the Listing Rules, the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares will be subject to the Shareholders' approval by way of passing ordinary resolutions at the EGM. Also, pursuant to the relevant Listing Rules, the JV Agreement and the transactions contemplated thereunder will be subject to Independent Shareholders' approval by way of passing an ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief, Fullshare and its associates do not hold any Shares of the Company as at the Latest Practicable Date and no Shareholder is required to abstain from voting on the relevant resolutions for approving the Subscriptions, the Specific Mandate and the JV Agreement.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Shareholders and Independent Shareholders to be taken at the EGM shall be taken by poll.

LETTER FROM THE BOARD

RECOMMENDATION

The Board is of the view that the terms of the Subscription Agreements and the transactions contemplated thereunder, the Specific Mandate and the JV Agreement and the transactions contemplated thereunder, are in the interests of the Company and the Shareholders as a whole, and are fair and reasonable. Accordingly, the Board recommends the Shareholders and the Independent Shareholders to vote in favour of the relevant resolutions at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to:

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 26 to 27 of this circular;
- (b) the letter from TC Capital, the text of which is set out on pages 28 to 39 of this circular; and
- (c) the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Hin Sang Group (International) Holdings Co. Ltd.
Pang Siu Hin
Executive Director

LETTER FROM INDEPENDENT BOARD COMMITTEE

HS

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)

3 June 2016

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE**

We refer to the circular dated 3 June 2016 issued by the Company to its Shareholders (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

Under the Listing Rules, the formation of the JV Company constitutes connected transaction of the Company, and are subject to the approval of the Independent Shareholders at the EGM.

We have been appointed by the Board as the Independent Board Committee to consider the terms of the JV Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the JV Agreement and the transactions contemplated thereunder, and whether such transaction is on normal commercial terms and in the ordinary and usual course of business of the Company, and whether such transactions are in the interests of the Company and the Shareholders as a whole, and how to vote on such transaction. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from TC Capital International Limited as set out in the Circular.

LETTER FROM INDEPENDENT BOARD COMMITTEE

Having considered the principal factors and reasons considered by, and the advice of TC Capital International Limited as set out in its letter of advice, we consider that the terms of JV Agreement and the transactions contemplated thereunder are on normal commercial terms and entered into after arm's length negotiation, and that the JV Agreement and the transactions contemplated thereunder is in the best interest of the Company and the Shareholders as a whole. The JV Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Company. We also consider that the terms of the JV Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to approve the JV Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Independent Board Committee

Lee Luk Shiu

Tang Sing Hing, Kenny

Tsui Nam Hung

Independent non-executive Directors

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

The following is the text of a letter of advice from TC Capital to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of incorporation in this circular.



3 June 2016

*The Independent Board Committee and the Independent Shareholders
Hin Sang Group (International) Holding Co. Ltd.*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the JV Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular of the Company to the Shareholders dated 3 June 2016 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the Letter from the Board, since Fullshare will become a substantial shareholder holding approximately 23.80% of the Company’s shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company upon completion of the Fullshare Subscription Agreement, the formation of the JV Company will constitute a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. As the relevant percentage ratios in respect of the capital contribution of the Company in the JV Company together with the Shareholder’s Loan exceed 25% but are less than 100%, the formation of the JV Company constitutes a major and connected transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

Pursuant to the Listing Rules, the JV Agreement and the transactions contemplated thereunder will be subject to Independent Shareholders’ approval by way of passing an ordinary resolution at the EGM. To the best of the Directors’ knowledge, information and belief, Fullshare and its associates do not hold any Shares of the Company as at the Latest Practicable Date and no Shareholder is required to abstain from voting on the relevant resolutions for approving the JV Agreement.

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung, has been established by the Company to advise the Independent Shareholders as to whether the terms of the JV Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM on the resolution for approving the JV Agreement and the transactions contemplated thereunder. We, TC Capital International Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the last two years, we have acted as an independent financial adviser to the independent board committee and independent shareholders of Fullshare in relation to an occasion as detailed in the circular of Fullshare dated 24 March 2016. Given (i) our independent role in the abovementioned engagement; and (ii) our fees for the abovementioned engagement represented an insignificant percentage of our revenue, we consider that the abovementioned engagement would not affect our independence to form our opinion in respect of the JV Agreement.

BASIS OF OPINION

In formulating our recommendation, we have considered and reviewed, amongst other things, (i) the JV Agreement; (ii) the annual report of the Company for the year ended 31 March 2015 (the “**2015 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2015 (the “**2015 Interim Report**”); and (iii) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have also studied the relevant market information and trends of the related industry.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

We consider that we have sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group and Fullshare Group.

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the JV Agreement, we have taken into consideration the following principal factors and reasons:

Information about the Group

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 brand in children’s health supplement in Hong Kong.

Set out below are the financial information of the Group for the six months ended 30 September 2015 and the two financial years ended 31 March 2015 as extracted from the Company’s 2015 Interim Report and 2015 Annual Report:

	For the six months ended 30 September 2015 <i>HK\$’000</i> (unaudited)	For the six months ended 30 September 2014 <i>HK\$’000</i> (unaudited)	Change from 2014 to 2015 %	For the year ended 31 March 2015 <i>HK\$’000</i> (audited)	For the year ended 31 March 2014 <i>HK\$’000</i> (audited)	Change from 2014 to 2015 %
Revenue	116,790	114,673	1.8	214,959	253,171	-15.1
– Product Development Segment	94,697	91,094	4.0	166,803	188,851	-11.7
– Brand Development and Management Segment	17,482	17,853	-2.1	33,823	42,947	-21.2
– Trading of Goods Segment	4,611	5,726	-19.5	14,333	21,373	-32.9
	As at 30 September 2015 <i>HK\$’000</i> (unaudited)	As at 31 March 2015 <i>HK\$’000</i> (audited)		As at 31 March 2014 <i>HK\$’000</i> (audited)	Change from 2014 to 2015 %	
Bank balances and cash	257,656	264,393		65,059		306.4
Net assets	341,097	334,682		94,295		254.9

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

We noted from the table above that the majority of the revenue of the Group was generated from the product development segment. The Group's revenue for the year ended 31 March 2015 decreased by approximately 15.1% as compared to the revenue for the year ended 31 March 2014. As disclosed in the 2015 Annual Report, the decrease was mainly due to sluggish market conditions across the retail sector in Hong Kong. Since over 80% of the Group's revenue is derived in Hong Kong and as the "Occupy Central" campaign and "Anti-parallel" campaign had significant adverse impacts on the number of China mainland travelers to Hong Kong, the sales of the Group's products was also decreased accordingly. The bank balances and cash and net assets of the Group as at 31 March 2015 had increased significantly due to the proceeds from listing on the Stock Exchange in October 2014.

As disclosed in the 2015 Interim Report, the Group's unaudited revenue for the six months ended 30 September 2015 was approximately HK\$116.8 million, representing an increase of approximately 1.8% as compared to the same period in 2014. The increase was mainly due to the increase in sales of products under the product development segment.

Information about Fullshare

As stated in the Letter from the Board, 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. According to the circular of Fullshare dated 24 March 2016, Fullshare has acquired approximately 72.19% of the issued share capital in Shenzhen Anke High-tech Company Limited, which is principally engaged in the manufacture and sale of medical equipment and machineries and provision of related technical services.

Principal terms of the JV Agreement

The principal terms of the JV Agreement have been set out in the Letter from the Board and are summarized below.

Date:	27 April 2016
Parties:	(i) the Company (ii) Fullshare

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Fullshare and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

Upon completion of the Fullshare Subscription Agreement, Fullshare will become a substantial shareholder of the Company holding approximately 23.80% of the Company's shareholding interest as enlarged by the Subscription Shares issued to Fullshare and hence a connected person of the Company.

Conditions precedent:

The JV Agreement will take effect upon satisfaction of the following conditions precedent:-

- (i) all necessary approvals and consents to the execution of the JV Agreement and the performance of the transactions hereby contemplated being obtained;
- (ii) the transactions contemplated under the Subscription Agreements having been completed; and
- (iii) the Company having obtained approval from the Shareholders and having complied with the relevant requirements under the Listing Rules in relation to the JV Agreement and the transactions contemplated hereunder.

Scope of business:

Development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services.

Subscription of JV Shares:

- (i) the Company shall subscribe for 306,000,000 JV Shares for HK\$30,600,000 in cash, representing 51% of the total issued share capital of the JV Company
- (ii) Fullshare shall subscribe for 294,000,000 JV Shares for HK\$29,400,000 in cash, representing 49% of the total issued share capital of the JV Company

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

Funding commitment of
the Company:

- (i) the Company shall provide the Shareholder's Loan of not less than HK\$69,400,000 to the JV Company. The Shareholder's Loan shall be advanced on a date to be determined by the JV Board which shall bear interest of 2% per annum for a term of 3 years, repayable on demand at such times as the JV Board shall determine;
- (ii) the Company shall procure the provision of the Loan of not less than HK\$58,280,000 to the JV Company by the Controlling Shareholder. The Loan shall be advanced on a date to be determined by the JV Board which shall bear interest of 2% per annum for a term of 3 years, repayable on demand at such times as the JV Board shall determine.

The capital contributions and the funding commitment are determined after arm's length negotiation of the parties and with reference to the initial funding needs of the JV Company and the agreed share of each party in the total amount of issued capital of the JV Company.

The capital contribution and the funding commitment on the part of the Company shall be satisfied by the cash proceeds from the Subscriptions pursuant to the Subscription Agreements and internal resource.

Capital contribution and
total investment amount
of the JV Company:

The total contribution to the capital of the JV Company by the JV Shareholders is HK\$60,000,000, which is equivalent to their subscription monies for the JV Shares. The total investment amount of the JV Company shall be not less than HK\$187,680,000 which consists of the aforesaid share capital of HK\$60,000,000, the Shareholder's Loan of not less than HK\$69,400,000 and the Loan of HK\$58,280,000.

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

Board composition: The JV Board will consist of 5 directors, 3 of which shall be nominated by the Company and Fullshare shall nominate 2 directors.

Dividend: The JV Shareholders shall procure that for each financial year, the distributable profits of each member of the JV Group other than the JV Company are distributed up to the JV Company by way of dividend and that the JV Company distributes by way of dividend not less than 25% of the profits of the JV Company available for distribution after appropriation of prudent and proper reserves including allowance for future working capital and provision for tax.

The dividend of the JV Company shall be declared and distributed to the JV Shareholders according to their respective shareholding interest in the JV Company.

Transfer of JV Shares: Subject to the terms and conditions of the JV Agreement, no transfer of any JV Shares shall be made by either JV Shareholder within a period of three years from the date of the JV Agreement and no transfer shall be made thereafter unless the provisions contained in the Articles of Associations are complied with. No JV Shareholder shall otherwise sell, mortgage, charge, or otherwise dispose of or encumber the whole or any part of its shareholding or assign or otherwise purport to deal with the beneficial interest therein or any right in relation thereto separate from the legal interest.

We noticed that the Company is committed to provide the Shareholder's Loan of not less than HK\$69,400,000. As stipulated under the JV Agreement, completion of Subscription Agreements is one of the conditions precedent in which Fullshare is obligated to subscribe for 250,000,000 Fullshare Subscription Shares which is settled by HK\$64,600,000 payable in cash to the Company and HK\$230,400,000 in Fullshare Consideration Shares and Zall Capital is to subscribe for 30,000,000 Zall Capital Subscription Shares which is settled by HK\$35,400,000 in cash. Given that the capital contribution and the funding commitment

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on the part of the Company shall be satisfied by the cash proceeds from the subscription pursuant to the Subscription Agreements and internal resource, the Company net cash outflow for the capital contribution and the funding commitment is only approximately HK\$1.0 million.

Shareholder's Loan and the Loan

We have also assessed the terms of Shareholder's Loan and the Loan. As advised by the management of the Company, the interest rates of the Shareholder's Loan and the Loan of 2% per annum are arrived after arm's length negotiation between the Company and Fullshare after considering the indicative term of corporate loan offered by a commercial bank. We have reviewed the indicative term and noticed that an interest rate of 2% per annum is offered to a loan of HK\$80,000,000 with a term of 4 years. As discussed with the management of the Company, the establishment of the JV Company will facilitate the Company with diversified and broader scope of healthcare businesses of the Group and the Shareholder's Loan to the JV Company is beneficial and critical to the fulfillment of the Company's interest in the JV Company.

According to the 2015 Interim Report, we noted that the cash balance of the Group was approximately HK\$257.7 million as at 30 September 2015 with net cash inflow from operation of approximately HK\$11.9 million. Also as indicated by the management of the Company, the Shareholder's Loan will be financed by the proceeds from Subscription Agreements which is estimated to be HK\$99.0 million. Therefore, we are of the view that the Group has sufficient resources to advance the Shareholder's Loan to the JV Company.

In addition, as stated in the JV Agreement, the Company will own 51% of equity interest of the JV Company and the JV Company will become a non-wholly owned subsidiary of the Company. Also, as stated in the JV Agreement, the Shareholder's Loan is repayable on demand by the JV Board which is controlled by the Company by appointment of majority of directors (i.e. 3 out of 5). Therefore, we are of the view that the Company can safeguard its interests in relation to the Shareholder's Loan and request for repayment of the Shareholder's Loan if the Company is aware of any deterioration in financial performance and position of the JV Company. In addition, as discussed above, the Shareholder's Loan will be financed by the proceeds from Subscription Agreement and the internal resources of the Group without any interest cost and there is net cash inflow generated from business operation.

As stated in the Letter from the Board, the Loan to be advanced by the Controlling Shareholder to the JV Company constitutes financial assistance from a connected person to the Group under Chapter 14A of the Listing Rules but is fully exempt from disclosure, circular, independent financial advice and shareholders' approval requirement under Rule

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14A.90 as the Loan is made on normal commercial terms and is not secured by the assets of the Group (including the assets of the JV Group). We have also consulted with the management of the Company and obtained the confirmation from the Company that the Company has no obligation to provide the Loan if the Controlling Shareholder fails to provide. Given the fact that (i) the Controlling Shareholder's Loan constitutes financial assistance to the Group and will be beneficial for the business development of the JV Group; (ii) the Loan is not secured by the assets of the Group and/or the JV Group and (iii) the Company has no obligation to secure the Loan even if the Controlling Shareholder fails to provide the Loan, we are of the view that the terms of the Loan are fair and reasonable and the provision of the Loan is in the interests of the Company and Shareholders as a whole.

Having taken into accounts of the above, we consider that the Shareholder's Loan and the Loan are under normal commercial terms and in the interests of the Company and Shareholders as a whole and the terms of the Shareholder's Loan and the Loan are fair and reasonable.

Having considered that (i) the respective contributions of the Company and Fullshare reflect their respective equity interest in the JV Company after considering the cash proceeds from the Fullshare Subscription Agreement; (ii) the Company and Fullshare will be entitled to the profit of the JV Company in proportion to their shareholdings in the JV Company; (iii) the Company's entitlement to appoint 3 directors of the JV Company which will allow the Company has control over the decision making of the JV Company; (iv) the restriction on transfer of JV Shares of the JV Company would protect the Company's interest in the JV Company from unexpected introduction of new investor(s) in the JV Company and secure the commitment of Fullshare in the JV Company; and (v) the Shareholder's Loan and the Loan are fair and reasonable and are in the interests of the Company and Shareholders as a whole, we are of the view that the terms of JV Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Reasons and benefits for entering into the JV Agreement

As stated in the Letter from the Board, 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 mother and children in Hong Kong. The Group will cooperate with Fullshare to expand the business of mother-infant Chinese medical healthcare as well as diagnosis and treatment services in mainland China, Hong Kong, Southeast Asia and Australia in the future, in particular by leveraging on the "two-child" policy in the mainland China to expand the huge market in mother-infant healthcare there.

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According to the National Bureau of Statistics of China, the disposable income per capita has reached approximately RMB21,966 for 2014, representing an increase of approximately 8.9% from the disposable income per capita of RMB20,167 for 2013. With the continuing growth of China's economy, it is expected that the disposable income per capita of China will continue to grow in the near future. The mother-infant health care market is expected to benefit from the continuing growth in the disposable income per capita of China due to more income can be allocated to the mother-infant health care products. Also, as Chinese government has abandoned its "one-child policy" and started to adopt the "two-child" policy, it is expected to bring more newborn population every year in the future which will also boost the development of mother-infant health care market. According to an article titled "Chinese Baby-Goods Market Grows Up Fast" published on The Wall Street Journal on 15 November 2015, China's market for businesses serving mothers and babies will increase 15% to US\$244 billion in 2015 and more than double by 2020. As stated in the Letter from the Board and discussed with the management of the Company, the formation of the JV Company will let the Company to benefit from the fast-growing mother-infant healthcare market which will further diversify and broaden the scope of the healthcare business of the Group.

As stated in the Letter from the Board, upon the formation of JV Company, the JV Company will conduct its business in development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services by possibly developing of hospital and/or medical centre in mainland China, Hong Kong and Singapore, investing in a pharmaceutical factory and maintaining general working capital. As estimated by the management of the Company, the total estimated cost for the JV Company will be approximately HK\$187.7 million. Based on the capital contribution by both the Company and Fullshare of HK\$60 million and the Shareholder's Loan of not less than HK\$69.4 million and Loan of not less than HK\$58.3 million, we consider that the JV Company would have sufficient working capital for the development of its business.

Taking into account that (i) the purpose of entering into the JV Agreement is to diversify and broaden the scope of the healthcare business which is the ordinary business of the Group; (ii) the principal activities of the JV Company are to develop mother and child health products, pharmaceutical factory, hospital, medical centre and related services; and (iii) the entering into the JV Agreement may allow the Group to capture the opportunities in the fast-growing mother-infant healthcare market, we are of the view that the entering into the JV Agreement is beneficial to the Company and the Shareholders as a whole.

Possible financial effects of entering into the JV Agreement

As the Company holds 51% of the issued share capital of the JV Company and by virtue of the terms of the JV Agreement, the JV Company will be accounted for as a subsidiary of the Company and its financial results will be consolidated into the results of the Group.

LETTER FROM TC CAPITAL INTERNATIONAL LIMITED

Effect on cash balance

According to the JV Agreement, the Company shall subscribe for 306,000,000 JV Shares for HK\$30,600,000 in cash and shall also provide the Shareholder's Loan of not less than HK\$69,400,000. Therefore, the net cash outflow of the Company assuming the Shareholder's Loan is also in cash will be not less than approximately HK\$100.0 million. According to the management of the Company, the above-mentioned capital cash outflow will be covered by the proceeds from Subscription Agreements of approximately HK\$99.0 million. Since the Controlling Shareholder will provide the Loan of not less than HK\$58,280,000 to the JV Company and Fullshare will subscribe the JV Shares for HK\$29,400,000 in cash, the cash balance of the Group will be increased after consolidation. Given that the Subscription Agreements is one of the conditions precedent to the JV Agreement and the provision of the Shareholder's Loan, we are of the view that the JV Agreement will have positive impact on the cash balance of the Company.

Effect on gearing

According to the 2015 Interim Report, the gearing ratio, which is calculated by total debts divided by total equity, was nil as at 30 September 2015. The total assets of the Group were approximately HK\$379.1 million. Although the Loan from the Controlling Shareholder may increase the gearing of the Group, the cash balance of the Group will be increased and the Loan will be utilized for the business development of the JV Company which may generate profits for the Group, we consider such increase in gearing of the Group is acceptable.

Effects on net asset value and earnings

As extracted from the 2015 Interim Report, the consolidated net asset value of the Group was approximately HK\$341.1 million as at 30 September 2015. The formation of the JV Company will have no immediate material impact on the consolidated earnings of the Group as well as the net asset value attributable to equity shareholders of the Company. Interest expense will be incurred by the Group from the Loan by the Controlling Shareholder. Other than the interest expense, the overall effects of the JV Agreement on the future earnings of the Group will depend on the return to be generated from the projects the JV Company shall invest in.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon the formation of the JV Company under the JV Agreement.

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RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the opinion that terms of the JV Agreement are on normal commercial terms and fair and reasonable insofar as the Independent Shareholders are concerned and the entering into the JV Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the JV Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
TC Capital International Limited
Stanley Chung
Managing Director

Note: Mr. Stanley Chung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Mr. Chung have participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

1. AUDITED FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group is disclosed on pages 63 to 155 of the annual report of the Company for the year ended 31 March 2015 and on the Appendix I of the Prospectus of the Company issued on 30 September 2014 which are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.hinsanggroup.com>).

2. UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 AND 2015

Financial information of the Group for the six months ended 30 September 2014 and 2015 is disclosed on pages 30 to 56 of the interim report of the Company for the six months ended 30 September 2015 and on pages 28 to 48 of the interim report of the Company for the six months ended 30 September 2014 which are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.hinsanggroup.com>).

3. INDEBTEDNESS STATEMENT

As at the close of business on 2 June 2016, being the Latest Practicable Date for the purpose of ascertaining the indebtedness of the Group prior to printing of this circular, the Group had no outstanding borrowings.

Apart from the intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 2 June 2016, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or finance lease commitments, mortgages, charges, material contingent liabilities, guarantees, debentures, loans or similar indebtedness.

4. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account of its existing cash and bank balances, other internal resources available and available banking facilities, the funding requirements under the JV Agreement and the proceeds to be generated from the Subscriptions, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstance.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With the formation of the JV Company by the Group and Fullshare, the Group will focus on the mother and child health related businesses. The Group will set up medical centres in Hong Kong, the PRC and Singapore. The Group will also seek opportunity to invest in pharmaceutical factories in the PRC which are capable of manufacturing proprietary Chinese medicine (“PCM”). As the Group’s products are mostly children-oriented, the Group will leverage on its expertise in this area with a vision to be an “Expert in Child Healthcare Products”.

The Group expects steady growth in the pharmaceutical market in the PRC taking into account of the demographic trends, continual urbanization, income growth which encourages greater public health awareness and consumption of pharmaceutical products, government support to the industry as well as the “two-child” policy newly came into force in the PRC.

As at the Latest Practicable Date, the Group has successfully registered 58 PCMs in Hong Kong, while there are over 90 products pending for approval from the Hong Kong Department of Health and are expected to be approved eventually. The PCM-related business aligns with the Group’s development strategy and earning potential is expected to be broadened.

As at the Latest Practicable Date, the Company has not entered into any agreement in relation to investment in any pharmaceutical factory. The Group (including the JV Group) will adopt flexible approach in choosing the mode of development of pharmaceutical factory including but not limited to self-development or acquisition when opportunity arises. There is no concrete timetable for the establishment of pharmaceutical factory, medical centres and hospital yet.

As stated in the heading “Working capital sufficiency” above, the Board is of the view that the Group has sufficient financial resources for the development of its businesses. The Group also has staff of relevant expertise and experience to develop such business. The Board believes that in becoming a shareholder of the Group, Fullshare will provide synergy to the Group in the development of its business in the healthcare industry. Fullshare’s chief executive director, Mr. Ji Changqun (“**Mr. Ji**”) has wide connection in the field of Chinese Medicine category. Mr. Ji holds the positions as the honorary chairman of Singapore Chinese Medicine College, the honorary chairman of the Institute of Chinese Medicine and Natural Medicine of Wuhan Chinese Medicine, the honorary chairman of the board of Nanjing University of Chinese Medicine, the guest professor of Nanjing University of Chinese Medicine and the dean of Fullshare Health Institute. It is believed that Mr. Ji will be able to contribute to the technical expertise of the Group in relation to the pharmaceutical aspect.

In respect of the sales network, the Group will continue to increase the number of distribution points in the PRC. In light of the popularity of e-commerce, Hin Fai International Holding Company Limited was set up to promote e-commerce sales by selling the Group's products through online platforms operated by independent third party merchants. Infrastructure in terms of hard and software are built and talents with e-commerce background are employed to specially oversee the e-commerce aspect. Contracts are signed with major e-commerce platforms which is expected to operate in the second quarter of 2016.

Going forward, the PRC will definitely be the Group's profit generator and Hong Kong is expected to achieve sustainable growth via its solid brand portfolio. Export business to Asian countries will be maintained with adequate brand support. The Group's resources will be allocated to businesses that align with the key business strategies of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Pang Siu Hin	Interest of a controlled corporation and family interest (Note)	550,000,000	68.71%
Ms. Kwan Lai Man	Interest of a controlled corporation and family interest (Note)	550,000,000	68.71%

Note: Genwealth is beneficially owned as to 90% by Mr. Pang Siu Hin and 10% by Ms. Kwan Lai Man. Accordingly, Mr. Pang Siu Hin is deemed to be interested in the 550,000,000 Shares held by Genwealth under the SFO. Ms. Kwan Lai Man, being the spouse of Mr. Pang Siu Hin, is deemed to be interested in all the Shares that Mr. Pang Siu Hin is interested in.

(b) Long position in the underlying shares of the Company

Name of Director	Capacity	Number of options held	Number of underlying shares
Mr. Pang Siu Hin	Beneficial owner	14,350,000	14,350,000
	Interest of spouse (<i>Note</i>)	<u>8,750,000</u>	<u>8,750,000</u>
		<u>23,100,000</u>	<u>23,100,000</u>
Ms. Kwan Lai Man	Beneficial owner	8,750,000	8,750,000
	Interest of spouse (<i>Note</i>)	<u>14,350,000</u>	<u>14,350,000</u>
		<u>23,100,000</u>	<u>23,100,000</u>

Note: Mr. Pang Siu Hin and Ms. Kwan Lai Man are married couple. Each of Mr. Pang Siu Hin and Ms. Kwan Lai Man is therefore deemed to be interested in the underlying Shares held by each other.

(c) Long position in Genwealth, an associated corporation of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of shareholding
Mr. Pang Siu Hin	Beneficial owner	9,000	90%
Ms. Kwan Lai Man	Beneficial owner	1,000	10%

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), or any interests or short positions which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or any interests or short positions which have to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders’ Interests

As at the Latest Practicable Date, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, will have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in Shares

Name	Capacity	Number of Shares	Approximate percentage of interests
Genwealth	Beneficial owner	550,000,000	68.71%

Save as disclosed above, so far as it is known to the Directors, there was no other person (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets save for the interest in the Properties held by Mr. Pang Siu Hin and Ms. Kwan Lai Man, which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

6. MATERIAL ADVERSE CHANGE

Save for (i) the unrealized net foreign exchange loss from Renminbi to Hong Kong Dollar of approximately HK\$6.0 million; (ii) the increase in share option expenses and staff costs of approximately HK\$2.4 million and HK\$1.3 million; and (iii) the increase in depreciation and amortisation expenses and legal and professional fee of approximately HK\$0.8 million and HK\$0.6 million throughout the six months ended 30 September 2015 as compared to the same period in 2014, which have negative impact on the profitability of the Group, as at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 March 2015 (being the date to which the latest published audited consolidated accounts of the Company were made up).

7. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into the ordinary course of business, have been entered into by the Company and/or members of the Group and are or may be material:—

1. The acquisition agreement dated 1 June 2015 entered into between Hin Sang Group Holding Limited, a wholly owned subsidiary of the Company as the purchaser, Mr. Pang Siu Hin and Ms. Kwan Lai Man as the vendors relating to the sale of the entire issued share capital of Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited with purchase price of HK\$9,800,000 as disclosed in the announcement of the Company dated 1 June 2015.
2. The memorandum for sale and purchase dated 10 December 2015 entered into between Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited as the purchaser and Mr. Pang Siu Hin and Ms. Kwan Lai Man as the vendors in relation to the sale and purchase of the premises situated at 7th Floor (Unit C, D and E), Wang Yip Centre, No. 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong with purchase price of HK\$18,800,000 as disclosed in the announcement of the Company dated 10 December 2015.

8. EXPERTS' QUALIFICATIONS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or have given their opinion or advice which is contained in this circular:

Name	Qualification
TC Capital International Limited	A licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

TC Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letter and report (as the case may be) and references to their names, in the form and context in which they appear.

As at the Latest Practicable Date, TC Capital:

- (i) was not beneficially interested in the share capital of any member of the Group;
- (ii) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (iii) did not have any interest, either directly or indirectly, in any asset which had been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Flat B, 12/F, Hi-Tech Centre, 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong, up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts as disclosed in paragraph 7 of appendix II of this circular;
- (c) the annual report of the Company for the year ended 31 March 2015;

- (d) the letter from the Independent Board Committee, the text of which is set out on pages 26 to 27 of this circular;
- (e) the letter of advice from TC Capital, the text of which is set out on pages 28 to 39 of this circular;
- (f) the written consent referred to in the paragraph headed “Experts’ qualifications and consents” in this appendix;
- (g) the JV Agreement;
- (h) the Subscription Agreements; and
- (i) this circular.

10. GENERAL

- (a) The company secretary of the Company is Ms. Wong Ting Dan, who is a solicitor of the High Court of Hong Kong.
- (b) The registered office of the Company is at Estera Trust (Cayman) Limited Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

NOTICE OF EGM

H S

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Hin Sang Group (International) Holding Co. Ltd. (the “**Company**”) will be held at Flat B, 12/F, Hi-Tech Centre, 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong on Thursday, 23 June 2016 at 10:00 a.m. (the “**EGM**”), consider and, if thought fit, transact the following business:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the subscription agreement dated 27 April 2016 (the “**Fullshare Subscription Agreement**”) (as defined in the circular of the Company dated 3 June 2016 (the “**Circular**”)) entered into between the Company as the issuer and Fullshare Holdings Limited (“**Fullshare**”) as the subscriber in relation to the subscription of 250,000,000 new ordinary shares of HK\$0.1 each in the share capital of the Company (the “**Fullshare Subscription Shares**”) at a subscription price of HK\$1.18 per Fullshare Subscription Share, and any transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;
- (b) any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Fullshare Subscription Agreement and any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole; and

NOTICE OF EGM

- (c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Fullshare Subscription Shares, the Directors be and are hereby specifically authorised to allot and issue such number of new ordinary shares of HK\$0.01 each in the capital of the Company as may be required to be allotted and issued pursuant to the terms of the Fullshare Subscription Agreement, where such Fullshare Subscription Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue.”

2. **“THAT**

- (a) the subscription agreement dated 27 April 2016 (the **“Zall Capital Subscription Agreement”**) (as defined in the Circular) entered into between the Company as the issuer and Zall Capital Limited (**“Zall Capital”**) as the subscriber in relation to the subscription of 30,000,000 new ordinary shares of HK\$0.1 each in the share capital of the Company (the **“Zall Capital Subscription Shares”**) at a subscription price of HK\$1.18 per Zall Capital Subscription Share, and any transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;
- (b) any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Zall Capital Subscription Agreement and any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole; and
- (c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Zall Capital Subscription Shares, the Directors be and are hereby specifically authorised to allot and issue such number of new ordinary shares of HK\$0.1 each in the capital of the Company as may be required to be allotted and issued pursuant to the terms of the Zall Capital Subscription Agreement, where such Zall Capital Subscription Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue.”

NOTICE OF EGM

3. “**THAT**

- (a) the joint venture agreement dated 27 April 2016 (the “**JV Agreement**”) entered into between the Company and Fullshare and the transactions contemplated thereunder be and in connection with each of them be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the JV Agreement and any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

By order of the board

Hin Sang Group (International) Holding Co. Ltd.

Pang Siu Hin

Chairman

Hong Kong, 3 June 2016

Registered office:

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Headquarter, head office and

principal place of business in Hong Kong:
Flat B, 12/F., Hi-Tech Centre
11 Wang Yip Street West
Yuen Long
New Territories
Hong Kong

NOTICE OF EGM

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the EGM. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present.
3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
4. For the purposes of holding the EGM, the register of members of the Company will be closed from Tuesday, 21 June 2016 to Thursday, 23 June 2016 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Thursday, 23 June 2016. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 20 June 2016.