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# HIS

**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)

## **VOLUNTARY ANNOUNCEMENT FORMATION OF JV COMPANY**

On 28 November 2016 (after trading hours), Hin Feng (an indirect partially-owned subsidiary of the Company) and Kung Fu Animation entered into the Cooperative Agreement, pursuant to which the Parties agreed to jointly establish the JV Company to be named as Hin Sang Herbal Family Animation Co., Ltd. (衍生草本家族動漫有限公司). The JV Company will be engaging in animation creation and commercial operation project, which is proposed to conduct the production and distribution of an animation programme with working title of “Hin Sang Herbal Family” (《衍生草本家族》).

The entering into of the Cooperative Agreement and the formation of the JV Company do not constitute any notifiable transaction or connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company is publishing this announcement on a voluntary basis.

## **INTRODUCTION**

The Board is pleased to announce that on 28 November 2016 (after trading hours), Hin Feng (an indirect partially-owned subsidiary of the Company) and Kung Fu Animation entered into the Cooperative Agreement pursuant to which the Parties agreed to jointly establish the JV Company to be named as Hin Sang Herbal Family Animation Co., Ltd. (衍生草本家族動漫有限公司). The JV Company will be engaging in animation creation and commercial operation project, which is proposed to conduct the production and distribution of an animation programme with working title of “Hin Sang Herbal Family” (《衍生草本家族》).

## **COOPERATIVE AGREEMENT**

### **Date**

28 November 2016

### **Parties**

- (i) Hin Feng; and
- (ii) Kung Fu Animation

Hin Feng is a wholly-owned subsidiary of a joint venture company owned as to 51% by Hin Sang Group Holding Limited (a wholly owned subsidiary of the Company) and as to 49% by Five Seasons VIII Limited (a wholly owned subsidiary of Fullshare Holding Limited (stock code: 607)); details of the joint venture company are set out in the Company’s circular dated 3 June 2016.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Kung Fu Animation and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **JV Company**

The JV Company is proposed to be established as a limited liability company in accordance with the laws of the PRC and the provisions of the Cooperative Agreement.

## **Business Scope**

The JV Company will be principally engaged in animation creation and commercial operation project, which is proposed to conduct the production and distribution of an animation programme with working title of “Hin Sang Herbal Family” (《衍生草本家族》).

## **Capital Contribution**

The aggregate capital contribution of the Parties is estimated to be approximately RMB15 million, which was determined after arm’s length negotiations amongst the Parties, having taken into account the expected capital requirements of the JV Company. The Parties will pay the capital contribution in cash. Hin Feng will hold a majority equity interest of 70% in the JV Company, which is approximately RMB10.5 million (equivalent to approximately HK\$12 million). Kung Fu Animation will hold the remaining 30% equity interest.

The Group intends to finance its investment in the JV Company from its internal resources.

## **Terms of Cooperative Agreement**

The Cooperative Agreement is effective from 28 November 2016 and is valid for five years. The Cooperative Agreement can be extended or terminated upon negotiation by the Parties after its expiration.

## **INFORMATION ON THE PARTIES**

The Group is engaged in the marketing, selling and manufacturing of health care products primarily targeting at children. It has recently established e-Commerce business to cope with customers’ trend to purchase through electronic platforms. The Group also trades reputable brands in skin care, personal care and slimming products.

Established in 2008, Kung Fu Animation is a professional and sizable animation production and distribution company in China with numerous first-class animation team resources at home and abroad, from China, United States and Korea. It was awarded the honors of the National Animation Enterprise, Top Ten Animation Enterprises of China and Provincial Demonstration Base of the Cultural Industry.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

As the own flagship brand of the Group, the “Hin Sang” children series promotes the concepts of “Homology of Medicine and Food, the Source of Healthiness” and its children healthcare series has been trusted by many families.

Through the formation of the joint venture, the Group will be able to raise the domestic popularity of “Hin Sang” brand specialising in children’s healthcare products, further tap into the market and enrich its product development elements, thereby strengthen the sales potential of the brand.

A total of 52 episodes with 13 minutes each will be produced for the animation programme “Hin Sang Herbal Family” which is intended to advocate healthy living under the relaxing plot of the animation. Kung Fu Animation has also undertaken to broadcast the animation on China Central Television channels within a year after the distribution license is obtained. Kung Fu Animation can also use the related copyright image of the cartoon “Hin Sang Herbal Family”, develop different “Hin Sang” related products including puzzle games and stage plays for amusement parks, the Kung Fu Family-themed parent-child museums, animation product stores and shopping malls which it operates.

The Directors are of the view that the terms of the Cooperative Agreement (including the formation of the JV Company) are normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The entering into of the Cooperative Agreement and formation of the JV Company do not constitute any notifiable transaction or connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company is publishing this announcement on a voluntary basis.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of directors of the Company
“Company”	Hin Sang Group (International) Holding Co. Ltd. 衍生集團 (國際) 控股有限公司, an exempted company incorporated with limited liability in the Cayman Islands on 28 October 2010
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Cooperative Agreement”	the investment cooperation strategic agreement entered into between Hin Feng and Kung Fu Animation dated 28 November 2016
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hin Feng”	Hin Feng Investment (NanJing) Co., Ltd. 衍豐投資 (南京) 有限公司, a company incorporated in the PRC with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	a joint venture company proposed to be named as Hin Sang Herbal Family Animation Co., Ltd. 衍生草本家族動漫有限公司 to be established in accordance with the laws of the PRC and the provisions of the Cooperative Agreement
“Kung Fu Animation”	Quanzhou City Kung Fu Animation Design Co., Ltd. 泉州市功夫動漫設計有限公司, a company established in the PRC with limited liability

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, Hin Feng and Kung Fu Animation
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 1 December 2016

*As at the date of this announcement, executive Directors are Mr. Pang Siu Hin, Ms. Kwan Lai Man and Dr. Dong Meixian, the non-executive Directors are Ms. Wong Wai Ling and Mr. Yuen Chi Ping, and the independent non-executive Directors are Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung.*