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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)**

**SUPPLEMENTARY ANNOUNCEMENT ON THE ANNUAL REPORTS  
FOR THE YEAR ENDED 31 MARCH 2017  
AND THE YEAR ENDED 31 MARCH 2018**

Reference is made to the annual reports of Hin Sang Group (International) Holding Co. Ltd. (the “**Company**”) for the year ended 31 March 2017 and the year ended 31 March 2018 (the “**Annual Reports**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Reports.

As disclosed in the Annual Reports, the Company completed a subscription of new shares in June 2016 (the “**Subscription**”) and held several security investments for the year ended 31 March 2017 and the year ended 31 March 2018. The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide the Shareholders of the Company and potential investors with the following additional information.

**USE OF PROCEEDS FROM FUND RAISING ACTIVITIES**

With reference to the announcement of the Company dated 27 April 2016, the net proceeds of the Subscription were used to invest in a joint venture company established with Fullshare in relation to the development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services.

The joint venture company, Hin Feng Group (International) Holding Company Limited (“**HFJV**”) was established in July 2016. The proceeds from the Subscription and the Shareholder’s Loan injected or to be injected into the joint venture company (as share capital or shareholder’s loan) according to the working capital needs of the business of HFJV as follows:

<b>Source of Funds (HK\$'000)</b>	<b>Capital Structure</b>	<b>Injected for the year ended 31 March 2017</b>	<b>Remaining to be injected as at 31 March 2017</b>	<b>Injected for the year ended 31 March 2018</b>	<b>Remaining to be injected as at 31 March 2018</b>
1 Subscription of JV Shares by the Company (51%) of HK\$60,000,000	30,600	(30,600)	–	–	–
2 Subscription of JV Shares by Fullshare (49%) of HK\$60,000,000	29,400	(29,400)	–	–	–
3 Shareholder’s Loan from the Company	69,400	–	69,400	(17,000)	52,400
4 Controlling Shareholder’s Loan from Genwealth	58,280	–	58,280	–	58,280
<b>Total</b>	<b><u>187,680</u></b>	<b><u>(60,000)</u></b>	<b><u>127,680</u></b>	<b><u>(17,000)</u></b>	<b><u>110,680</u></b>

*Note:* 1+3 = HK\$100,000,000 (proceeds from Subscription)

During the year ended 31 March 2018, the Company had granted shareholder’s loan to HFJV in the amount of HK\$17 million while HK\$52.4 million is expected to be granted to HFJV in the future depending on the timing and the funding needs of HFJV. The total of the utilized funds amounted to HK\$77 million and details is as follows:

<b>Use of Proceeds by HFJV (HK\$'000)</b>	<b>Injected for the year ended 31 March 2017</b>	<b>Used for the year ended 31 March 2017</b>	<b>Remaining as at 31 March 2017</b>	<b>Injected for the year ended 31 March 2018</b>	<b>Used for the year ended 31 March 2018</b>	<b>Remaining as at 31 March 2018</b>
Acquisition of pharmaceutical factory	–	–	–	–	–	–
Development of medical centres and/or hospital in the PRC	46,000	(5,890)	40,110	17,000	(25,604)	31,506
Development of medical centres and/or hospital in Hong Kong	10,000	(526)	9,474	–	(6,883)	2,591
Development of medical centres and/or hospital in Singapore	–	–	–	–	–	–
General working capitals	4,000	(578)	3,422	–	(1,201)	2,221
<b>Total</b>	<b><u>60,000</u></b>	<b><u>(6,994)</u></b>	<b><u>53,006</u></b>	<b><u>17,000</u></b>	<b><u>(33,688)</u></b>	<b><u>36,318</u></b>

## INVESTMENT IN SECURITIES

The Company generally adopts a prudent approach for its investment strategies and be cautious in selecting business partners that will bring synergy after taking into account factors such as financial, business nature, clientele, expertise in area complementary to existing business of the Company.

The Company has set up HFJV with Fullshare for the development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services. With the progress of the JV Company, the Company will provide suitable funding through shareholder's Loan.

Nanjing Sinolife United Company Limited (“**Nanjing Sinolife**”) and the Company together with its subsidiaries (the “**Group**”) are in similar lines of business. Nanjing Sinolife is engaged in manufacturing and sales of nutritional supplements and trading of packages health food products while the principal business of the Group is marketing, selling and manufacturing of healthcare products for women and children. The Group is expected to explore future investment and co-operation opportunities with Nanjing Sinolife in the future.

Costs of major investments for the year ended 31 March 2017 and year ended 31 March 2018 are summarized as below:

	Year ended 31 March 2017			Year ended 31 March 2018		
	Number		Average	Number		Average
	of Shares	Total Cost	Cost/Share	of Shares	Total Cost	Cost/Share
		HK\$	HK\$		HK\$	HK\$
<b>Available-for-sale investments</b>						
Fullshare Holdings Limited						
(Stock Code: 607)	118,765,000	230,400,000	1.94	118,765,000	230,400,000	1.94
Nanjing Sinolife United Company Limited (Stock Code: 3332)				45,411,600	73,112,676	1.61
<b>Held for trading investments</b>						
Nanjing Sinolife United Company Limited (Stock Code: 3332)				5,746,000	7,238,618	1.26
China Literature Limited (Stock Code: 772)				2,800	154,000	55.00
Mansion International Holdings Limited (Stock Code: 8456)				4,000,000	2,828,215	0.71

As disclosed in the Annual Reports, the Company records dividend income and gain or loss on fair value changes. The breakdown per each investment are listed below:

	Year ended 31 March 2017 <i>HK\$'000</i>	Year ended 31 March 2018 <i>HK\$'000</i>
<b>Other Income</b>		
Dividend income		
– Fullshare Holdings Limited (Stock Code: 607)	–	2,013
<b>Other gain and losses</b>		
(Loss)/gain on fair value change of held for trading investments		
– Nanjing Sinolife United Company Limited (Stock Code: 3332)	–	(56)
– China Literature Limited (Stock Code: 772)	–	49
– Mansion International Holdings Limited (Stock Code: 8456)	–	(1,228)
	<u>–</u>	<u>(1,235)</u>
Impairment loss on available-for-sale investments		
– Nanjing Sinolife United Company Limited (Stock Code: 3332)	–	(16,348)
<b>Other comprehensive income</b>		
Fair value gain on available-for-sale investment		
– Fullshare Holdings Limited (Stock Code: 607)	<u>8,314</u>	<u>91,728</u>
Reclassification adjustment on impairment loss of available-for-sale investments		
– Nanjing Sinolife United Company Limited (Stock Code: 3332)	<u>–</u>	<u>16,348</u>

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 21 January 2019

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