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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)

**VOLUNTARY ANNOUNCEMENT
PROJECT CO-OPERATION AGREEMENT AND
FORMATION OF JOINT VENTURE FOR
CHILDREN MEDICAL CLINIC**

On 21 March 2017 (after trading hours), Hin Feng (indirect partially-owned subsidiary of the Company), and Fujian Minxiang Medical Investment Management Company Limited (福建閩祥醫療投資管理有限公司) (“**Fujian Minxiang**”), a wholly owned subsidiary of Wanxiang Group Co., Ltd. (萬祥集團股份有限公司), entered into a Project Co-operation agreement pursuant to which the Parties agreed to jointly establish a Joint Venture named Fujian Hin Sang Children Chinese Medical Hospital Company Limited (福建衍生兒童中醫院有限公司) (“**Fujian Hin Sang**”) engaging in a commercial operation projects, which is proposed to conduct under the project name of Hin Feng and Wan Xiang Quanzhou Children Chinese Medical Clinic (衍豐及萬祥泉州兒童中醫門診項目).

The formation of the Joint Venture does 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 21 March 2017 (after trading hours), Hin Feng and Fujian Minxiang entered into the Project Co-operation Agreement pursuant to which the Parties agreed to jointly establish a Joint Venture named Fujian Hin Sang Children Chinese Medical Hospital Company Limited (福建衍生兒童中醫院有限公司) engaging in a commercial operation projects, which is proposed to conduct under the project name of Hin Feng and Wan Xiang Quanzhou Children Chinese Medical Clinic (衍豐及萬祥泉州兒童中醫門診項目).

PROJECT CO-OPERATION AGREEMENT

Date

21 March 2017

Parties

- (i) Hin Feng; and
- (ii) Fujian Minxiang

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Fujian Minxiang and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Joint Venture

The Joint Venture is proposed to be established as a limited liability company in accordance with the laws of the PRC and the provisions of the Project Co-operation Agreement.

Business Scope

The Joint Venture will be principally engaged in a commercial operation projects, which is proposed to conduct under the project name of Hin Feng and Wan Xiang Quanzhou Children Chinese Medical Clinic (衍豐及萬祥泉州兒童中醫門診項目).

Capital Contribution

The amount of capital contribution was determined after arm's length negotiations amongst the Parties, having taken into account the expected capital requirements of the Joint Venture. The Parties will pay the capital contribution in cash. Hin Feng will hold a majority equity interest of 62% in the Joint Venture, which is approximately RMB12.4 million. Fujian Minxiang will hold the remaining 38% equity interest. The total share capital of the joint venture will be approximately RMB20 million.

The Group intends to finance its investment in the Joint Venture from its internal resources.

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 September 2009, Fujian Minxiang is a company with share capital of RMB50 million and is engaged in the business of investment in hospitals; pharmaceutical industry; health industry; management and related consulting services; and medical research and development of biotechnology.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

Through the Project Co-operation agreement, the following advantages can be obtained:

1. Fujian Minxiang's related company has 123.95 acres of land in Quanzhou District for the purpose of medical and health projects of which Fujian Hin Sang will rent part of property. This can reduce the cost of property leasing;
2. Fujian Minxiang has a group of Chinese medicine experts, which can reduce the time to search for qualified practicing medical professionals and can speed up the preparation phase when setting up the Chinese medical clinic; and

3. Hin Feng will be responsible for project planning and the daily operation of the clinic. As Fujian Minxiang has a large customer base in the local area, it can use its local customer base to achieve accurate marketing and promotion strategies.

The Directors are of the view that the terms of transactions under the Project Co-operation Agreement are normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

RENTAL OF PREMISES FROM RELATED PARTY OF FUJIAN MINXIANG

As per the Project Co-operation agreement, a related company of Fujian Minxiang will lend out its premises to the joint venture for a lease term of 10 years at a discount rate comparing with the market conditions. Such transaction does not constitute any notifiable transaction. As each of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Project Co-operation agreement is less than 1% and the transaction is a connected transaction only because it involves connected person(s) at the subsidiary level, the transaction is not subject to reporting under Chapter 14 and Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

The formation of the Joint Venture does 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
“Project Co-operation agreement”	the Project Co-operation agreement dated on 21 March 2017
“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 PRC with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Venture”	a joint venture company proposed to be named Fujian Hin Sang Children Chinese Medical Hospital Company Limited (福建衍生兒童中醫院有限公司) to be established in accordance with the laws of the PRC and the provisions of the Project Co-operation agreement
“Fujian Minxiang”	Fujian Minxiang Medical Investment Management Company Limited (福建閩祥醫療投資管理有限公司), a company incorporated in PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, Hin Feng and Fujian Minxiang; and “Party” shall mean any one of them

“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, 21 March 2017

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.