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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)

**SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL REPORTS
FOR THE YEAR ENDED 31 MARCH 2018 AND
THE YEAR ENDED 31 MARCH 2019 AND
THE INTERIM REPORT FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2018**

Reference is made to the annual reports of Hin Sang Group (International) Holding Co., Ltd. (the “**Company**”) for the years ended 31 March 2018 (the “**2018 Annual Report**”) and 31 March 2019 (the “**2019 Annual Report**”, and together with the 2018 Annual Report, the “**Annual Reports**”) and the interim report for the six months ended 30 September 2018 (the “**Interim Report**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Reports.

The Company wishes to provide additional information to the Annual Reports and the Interim Report in relation to (i) the use of the Company’s Listing proceeds; and (ii) further details of its securities investments held as at 31 March 2018 and 31 March 2019.

USE OF THE COMPANY'S LISTING PROCEEDS

As disclosed in the 2018 Annual Report (page 76), as at 31 March 2018, there were unutilized proceeds in the amount of HK\$23.9 million from the Company's Listing proceeds, out of which (i) HK\$12.1 million was intended to be applied for expanding the sales and distribution network of the Group; and (ii) HK\$11.8 million was intended to be applied for expanding the manufacturing arm of the Group and exploring opportunities in the health industry (the "**Unutilized Proceeds**").

As disclosed in the 2019 Annual Report (page 87), as at 31 March 2019, the Unutilized Proceeds have been fully utilized according to the intentions previously disclosed by the Company.

As at 31 March 2018, the Unutilized Proceeds were placed with banks in Hong Kong by the Company as short-term deposits, and they were expected to be used in accordance with the intentions previously disclosed, as follows:

- (a) HK\$12.1 million to be allocated for expanding the sales and distribution network of the Company, which may include the recruitment of promoters to sell the Company's own branded products directly to our customers, the expansion of distribution network to other provinces in the PRC, the strengthening of promoter training activities and the set up and development of an e-commerce platform; and
- (b) HK\$11.8 million to be allocated for expanding the manufacturing arm of the Group and exploring opportunities in the health industry.

The proposed uses of the Unutilized Proceeds were for the purposes of enhancing the effectiveness in distributing the Group's own branded products as well as enabling better monitoring of the quality of the Group's products. Out of the Unutilized Proceeds, approximately HK\$20.4 million and HK\$3.5 million were expected to be utilized by 30 September 2018 and 31 March 2019, respectively.

The following table sets out a detailed breakdown and description of the Listing proceeds as well as the purposes for which they were used during each of the years ended 31 March 2018 and 31 March 2019, respectively:

<i>(HK\$' million)</i>	Balance of IPO proceeds as at 19 February 2016	Proceeds used in previous financial years	Proceeds used in the financial year ended 31 March 2018	Proceeds used in the financial year ended 31 March 2019*	Balance as at 31 March 2019
Exploring business collaboration opportunities with new brand proprietors	2.0	1.4	0.6	–	–
Expanding the sales and distribution network	24.1	8.1	3.9	12.1	–
Expanding the product portfolio	1.3	0.9	0.4	–	–
Expanding the manufacturing arm of the Group and exploring opportunities in the health industry	41.5	–	29.7	11.8	–
Acquiring commercial property in Hong Kong to use as the Group's own office	80.0	80.0	–	–	–
General working capital	8.7	8.7	–	–	–
	<u>157.6</u>	<u>99.1</u>	<u>34.6</u>	<u>23.9</u>	<u>–</u>

**Note:* During the six months ended 30 September 2018, the Company utilized proceeds of HK\$8.6 million and HK\$11.8 million for the purposes of expanding the sales and distribution network and expanding the manufacturing arm of the Group and exploring opportunities in the health industry, respectively. Such uses of proceeds were in accordance with the intentions previously disclosed and in line with the expected timeline as disclosed above.

FURTHER DETAILS OF THE COMPANY'S SECURITIES INVESTMENTS

As disclosed in the Annual Reports, as at 31 March 2018 and 31 March 2019, the Company had the following investments in securities, respectively:

<i>(HK\$'000)</i>	31 March 2018	31 March 2019
Available-for-sale investments	573,392	–
Equity instruments at FVTOCI	–	138,327
Financial assets at FVTPL^(Note)	–	10,537
Held for trading investments	8,986	–

Note: Save for the securities investments as detailed below, the financial assets at FVTPL as at 31 March 2019 also included deposit and prepayment for life insurance policies in the amount of HK\$5,377,000, the fair value of which was HK\$5,963,490 as at 31 March 2019 (representing approximately 0.90% to the Group's audited total assets as at 31 March 2019).

The Company wishes to provide the following additional information in respect of the above securities investments:

As at 31 March 2018

Name of underlying/ investee company (Note)	Number of shares held by the Group as at 31 March 2018	Investment costs (HK\$)	Fair value as at 31 March 2018 (HK\$)	Percentage	Dividend income for FY2018 (if any)	Other realized and unrealized gain/(loss) during FY2018 (HK\$)	Accounting treatment
				to the Group's audited total assets as at 31 March 2018			
1. Fullshare Holdings Ltd (Stock Code: 607)	118,765,000	230,404,100	516,627,750	50.77%	2,013,067	108,076,150	Available-for-sale investment
2. Nanjing Sinolife United Co Ltd (Stock Code: 3332)	45,411,600	73,112,676	56,764,500	5.58%	Nil	(16,348,176)	Available-for-sale investment
	13,710,000	13,655,160	7,182,500	0.70%	Nil	(6,472,660)	Held-for-trading investment
3. China Literature Ltd (Stock Code: 772)	2,800	154,000	203,280	0.02%	Nil	49,280	Held-for-trading investment
4. Mansion International Holdings Ltd (Stock Code: 8456)	4,000,000	2,828,215	1,600,000	0.16%	Nil	(1,228,215)	Held-for-trading investment

As at 31 March 2019

Name of underlying/investee company (Note)	Number of shares held by the Group as at 31 March 2019	Investment costs (HK\$)	Fair value as at 31 March 2019 (HK\$)	Percentage to the Group's audited total assets as at 31 March 2019	Dividend income for FY2019 (if any)	Other realized and unrealized gain/(loss) during FY2019 (HK\$)	Accounting treatment
1. Fullshare Holdings Ltd (Stock Code: 607)	118,765,000	230,404,100	124,703,250	18.74%	2,226,844	(391,924,500)	Equity instruments at FVTOCI
2. Nanjing Sinolife United Co Ltd (Stock Code: 3332)	45,411,600	73,112,676	13,623,480	2.05%	Nil	(43,141,020)	Equity instruments at FVTOCI
	13,710,000	13,655,160	4,113,000	0.62%	Nil	(3,069,500)	Financial assets at FVTPL
3. China Literature Ltd (Stock Code: 772)	2,800	154,000	102,900	0.015%	Nil	(100,380)	Financial assets at FVTPL
4. Mansion International Holdings Ltd (Stock Code: 8456)	4,000,000	2,828,215	944,000	0.14%	Nil	(656,000)	Financial assets at FVTPL

Note: Based on publicly available information, the principal business of the underlying/investee companies are as follows:

1. Fullshare Holdings Limited is principally engaged in the property building, investment and healthcare businesses.
2. Nanjing Sinolife United Company Limited is principally engaged in the manufacturing and sales of nutritional supplements and trading of packages health food products in the PRC, Australia and New Zealand.

3. China Literature Limited is principally engaged in the operation of online literature platform.
4. Mansion International Holdings Limited is principally engaged in the manufacturing and sale of baby clothing and clothing accessories for infants and toddlers.

The Company generally adopts a prudent approach for its investment strategies and is cautious in selecting business partners and/or investee companies that will bring synergy after taking into account, among others, their financial, business nature, clientele, expertise in area complementary to the existing business of the Company. The Company intends to hold its existing investments as long-term investments and for investment gain purpose. The Company considers it a valuable opportunity for the Company to invest in companies with strong financial resources, complementary business background or nature as well as extensive business network, which in turn would bring strategic value to the Group. At the same time, the Company will continue to closely monitor the performance of its investments as well as the market trends.

The supplementary information provided in this announcement does not affect other information contained in the Annual Reports and the Interim Report and, save as disclosed above, the contents of the Annual Reports and the Interim Report remain unchanged.

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

Hong Kong, 17 September 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.