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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
SUBSCRIPTION OF NEW SHARES UNDER
SPECIFIC MANDATE
DISCLOSEABLE TRANSACTION
INVOLVING ACQUISITION OF APPROXIMATELY 0.76%
ISSUED SHARES IN FULLSHARE HOLDINGS LIMITED**

Reference is made to the announcement (the “**Announcement**”) and the circular (the “**Circular**”) of Hin Sang Group (International) Holding Co. Ltd. (the “**Company**”) dated 27 April 2016 and 3 June 2016 respectively in relation to, inter alia, the subscription of new shares of the Company by Fullshare. Terms used herein shall have the same meanings as those defined in the Announcement and the Circular unless otherwise stated.

On 27 April 2016, the Company entered into the Fullshare Subscription Agreement with Fullshare pursuant to which the Company issued Fullshare Subscription Shares to Fullshare in consideration of Fullshare having paid HK\$64,600,000 cash and issued the Fullshare Consideration Shares to the Company.

The Board wishes to clarify that the issuance of the Fullshare Consideration Shares to the Company represents an acquisition of the Fullshare Consideration Shares by the Company (the “**Acquisition**”). As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeded 5% but were less than 25%, the Acquisition constituted a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE FULLSHARE SUBSCRIPTION AGREEMENT

Date : 27 April 2016

Parties:

Issuer : the Company

Subscriber : Fullshare Holding Limited, a company incorporated in the Cayman Island with limited liability.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Fullshare and its ultimate beneficial owners were Independent Third Parties.

Subject matter:

Pursuant to the Fullshare Subscription Agreement, Fullshare conditionally agreed to subscribe for a total of 250,000,000 Fullshare Subscription Shares at the Subscription Price of HK\$1.18 per Fullshare Subscription Share in the consideration of HK\$295,000,000 which was settled by Fullshare in the following manner on the completion of the Fullshare Subscription Agreement:

- (1) as to HK\$64,600,000, Fullshare paid in cash to the Company; and
- (2) as to the remaining balance of HK\$230,400,000, Fullshare issued and allotted 118,765,000 Fullshare Consideration Shares to the Company.

As a result of the Fullshare Subscription Agreement, the Company acquired the Fullshare Consideration Shares whereas Fullshare acquired the Fullshare Subscription Shares.

Full Consideration Shares

The Company acquired the Fullshare Consideration Shares.

The Fullshare Consideration Shares, represented approximately (i) 0.76% of the total number of issued Fullshare Shares as at the date of the Announcement; and (ii) 0.75% of the total number of issued Fullshare Shares as enlarged by the issue of the Fullshare Consideration Shares on the completion of the Fullshare Subscription Agreement. The aggregate nominal value of the Fullshare Consideration Shares was HK\$1,187,650.

The issue price of HK\$1.94 per Fullshare Consideration Share represented (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; and (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.

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 considered that such issue price was fair and reasonable and that the issuance of the Fullshare Consideration Share to settle part of the consideration for the Fullshare Subscription Shares was in the interests of the Company and the Shareholders as a whole. The Fullshare Consideration Shares were 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. The Fullshare Consideration Shares ranked pari passu among themselves and with the Fullshare Shares in issue at the time of allotment and issue of the Fullshare Consideration Shares.

Fullshare had obtained approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Fullshare Consideration Shares.

Fullshare Subscription Shares

The Company issued and allotted the Fullshare Subscription Shares to Fullshare. The Fullshare Subscription Shares represented approximately (i) 31.23% of the total number of issued Shares as at the date of the Announcement; and (ii) 23.80% of the total number of issued Shares as enlarged by the issue of the Fullshare Subscription Shares on the completion of the Fullshare Subscription Agreement. The aggregate nominal value of the Fullshare Subscription Shares was HK\$25,000,000.

The Fullshare Subscription Shares were issued pursuant to the Specific Mandate which was approved at the EGM held on 23 June 2016. The Fullshare Subscription Shares ranked pari passu among themselves and with the Shares in issue at the time of allotment and issue of the Fullshare Subscription Shares.

The Company had obtained approval from the Listing Committee of the Stock Exchange for the listing of, and permission to, deal in the Fullshare Subscription Shares.

The Subscription Price of HK\$1.18 per Fullshare Subscription Share represented:

- (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; and
- (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.

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 Precedents

Completion of the Fullshare Subscription Agreement was conditional, inter alia, upon:–

- (i) the shareholders of the Company having approved the Fullshare Subscription Agreement and the transaction contemplated thereunder in accordance with the applicable Listing Rules (including but not limited to the specific mandate);
- (ii) 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;
- (iii) 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 for listing of shares, and such approval not having been revoked;
- (iv) 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;

- (v) 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;
- (vi) the Company's warranties having remained true and accurate in all material respects;
- (vii) Fullshare's warranties having remained true and accurate in all material respects;
- (viii) 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
- (ix) there being no Material Adverse Effect.

All the conditions of the Fullshare Subscription Agreement have been fulfilled.

Completion

Completion of the Fullshare Subscription Agreement has taken place on 24 June 2016.

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 undertaking 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;
- (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 paragraph (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.

Information on Fullshare

Fullshare is primarily engaged property development, provision of green building services, investment and healthcare products and services business. 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 Board considered that, while broadening the shareholder base of the Company, the subscription of the Fullshare Subscription Shares represented 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.

The following financial information of Fullshare is extracted from the annual report of Fullshare for the year ended 31 December 2015:

	For the year ended	
	31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,657,931	793,403
Net profit/(loss) (before tax)	1,465,799	(1,005,262)
Net profit (after tax)	1,238,990	(1,064,743)
Net assets	5,498,089	2,243,675

REASONS FOR AND BENEFITS OF THE FULLSHARE SUBSCRIPTION AGREEMENT

As at the date of the Announcement, the Group was 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 had a comprehensive portfolio of quality health supplement products under “Hin Sang” brand, a leading brand in children’s health supplement in Hong Kong.

It was the Company’s strategy to review from time to time potential business opportunities and investments to enhance the Shareholders’ value. The Group had been focusing on finding suitable strategic partner that present development opportunities, as well as to enhance the Group’s income stream and to diversify its business in the children market, mother-infant Chinese medical healthcare as well as diagnosis and treatment services sectors.

The acquisition of the Fullshare Consideration Shares represented a continuation of the Company’s stated strategy to grow its business organically and through investments, which was a strategy that the Company intends to continue. The Directors believed that the acquisition of Fullshare Consideration Shares would provide a strong foothold for the Group to extend its businesses in the relatively fast-growing baby and mother-infant industry.

Taking into account the benefits of the subscription of Fullshare Subscription Shares and acquisition of the Fullshare Consideration Shares, the Directors consider that the terms of the Subscription Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross cash proceeds from the issue of the Fullshare Subscription Shares was HK\$64,600,000 and the net cash proceeds, after deduction of all relevant costs and expenses, was approximately HK\$62,034,000. The Company has used such net cash proceeds to invest in the joint venture company established by the Group with Fullshare in relation to the development of mother and child health products, pharmaceutical factory, hospital, medical centre and related services (the “**JV Company**”).

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save and except the Fullshare Subscription Agreement with details disclosed above, the Company has conducted the following equity fund raising activities in the past twelve months preceding the date of this announcement:–

Date of announcement	Event	Net proceeds Received	Intended use of proceeds	Actual use of proceeds
27 April 2016	Subscription of 30,000,000 new Shares by Zall Capital Limited	Approximately HK\$35,092,000	To invest in the JV Company	Used as intended

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding in the Company (i) as at the date of Fullshare Subscription Agreement; and (ii) immediately after allotment and issuance of the Fullshare Subscription Shares, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of the Fullshare Subscription Agreement.

Shareholders	As at the date of the Fullshare Subscription Agreement		Immediately after the allotment of issuance of the Fullshare Subscription Shares	
	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>
Genwealth Group Holding Company Limited	600,000,000	74.96%	550,000,000	50.90%
Fullshare	–		250,000,000	23.13%
Public Shareholders	<u>200,468,000</u>	25.04%	<u>280,468,000</u>	25.97%
Total	<u><u>800,468,000</u></u>		<u><u>1,080,468,000</u></u>	

FINANCIAL EFFECT OF ALLOTMENT AND ISSUE OF CONSIDERATION SHARES

The Directors expect that upon Completion, the total assets of the Group will increase and the total liabilities of the Group would remain unchanged.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Acquisition exceeded 5% but were below 25%, the Acquisition constituted a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

By order of the Board

Hin Sang Group (International) Holding Co. Ltd.

Pang Siu Hin

Chairman

Hong Kong, 19 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.