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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)

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 18 October 2016 in respect of the provision of the Loan to BP Finance (HK) Limited. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Borrower is ultimately and beneficially owned as to 75% and 25% by Ms. Lin Wai Yan and Mr. Lee Kwok Ning Lobo, respectively, who are both Independent Third Parties.

Pursuant to the Facility Letter, the Borrower executed a deed of equitable assignment of loans (the “**Deed of Assignment**” and together with the Facility Letter, the “**Finance Documents**”) dated 18 October 2016 in favour of the Company, as a continuing security for the due and punctual payment of all and any sums payable by the Borrower under any Finance Document to which it is a party and all other monies thereby secured (“**Secured Indebtedness**”) and the due and punctual performance and observance by the Borrower of all other obligations of the Borrower contained in any Finance Document to which it is a party, for the purposes of assigning to the Company the Borrower’s right, title, interest and benefit in and to the loan in the sum of HK\$75,000,000 (the “**Assigned Indebtedness**”) made by the Borrower as lender for an independent third party (the “**Onward Borrower**”). The Assigned Indebtedness shall mature on 2 December 2016, the date falling 45 days after the date of drawdown, being 19 October 2016 and is unsecured in nature.

The Board has considered the following points when granting the Loan to the Borrower:

- (1) the Onward Borrower is the owner of approximately 75% of the issued share capital of a listed issuer of the Stock Exchange with a market capitalisation of over HK\$50 billion as at the date of this announcement;
- (2) the Borrower is a member of a group of finance companies with a good reputation in the market;
- (3) the interest payment of the Loan is at the rate of 4.8% per annum which is much higher than that of placing the same as deposit with banks in Hong Kong; and
- (4) the Loan and the Assigned Indebtedness were drawn down on the same date.

In light of the above and coupled with the fact that the term of the Loan is only 45 days, the Board (other than Ms. Wong Wai Ling who abstained from voting at the relevant resolution) is of the view that (1) the Assigned Indebtedness provides adequate and sufficient security for the Loan; and (2) the risk of default by the Onward Borrower (and hence the Borrower) is relatively low; (3) the provision of the Loan represents an efficient use of surplus fund of the Company and generates interest income at an acceptable and reasonable rate of return. The Board therefore regards that the provision of the Loan is fair and reasonable and the terms of the Loan are in the interests of the Company and its Shareholders as a whole.

Neither the Company nor any of its subsidiaries is a money lender licensed under the Money Lenders Ordinance in Hong Kong. As advised by the legal advisers to the Company, given that the Group does not carry on the business of making loans, it is not necessary for the Group to have a money lender's licence or other specific licence or approval for the purpose of the provision of the Loan to the Borrower and the provision of the Loan to the Borrower complies with relevant laws and regulations in Hong Kong. As at 31 March 2016, the Group had bank balances and cash of approximately HK\$239,742,000. Therefore, the Board considers that the Group has the necessary financial and human resources to provide the Loan to the Borrower.

By order of the Board

**Hin Sang Group (International) Holding Co. Ltd.**

**Pang Siu Hin**

*Chairman*

Hong Kong, 26 October 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.*