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HIS

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)

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF H SHARES IN
NANJING SINOLIFE UNITED COMPANY LIMITED**

THE ACQUISITION

The Board is pleased to announce that, on 31 July 2017 (after trading hours), the Company as purchaser, the Vendor and the Warrantor entered into the Share Purchase Agreement in relation to the acquisition of the Sale Shares, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase 45,411,600 H shares of the Target Company, representing approximately 16.67% of the issued H Shares of the Target Company and approximately 4.80% of the entire issued shares of the Target Company (comprising both H Shares and domestic shares) as at the date of this announcement, at the Consideration of HK\$73,112,676.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Warrantor holds approximately 22.96% of the Company's issued shares and is a substantial shareholder of the Company. The Vendor is a wholly-owned subsidiary of the Warrantor and is an associate of the Warrantor. Accordingly, both the Warrantor and the Vendor are connected persons of the Company. The Acquisition constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Share Purchase Agreement. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among other things, the Share Purchase Agreement and the transactions contemplated thereunder. A circular containing, amongst other things, (i) further information on the Share Purchase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser; and (iv) the notice of EGM, will be despatched to the Shareholders on or before 18 August 2017.

The Shareholders and potential investors should be aware that the Share Purchase Agreement and the transactions contemplated thereunder are subject to the fulfilment of conditions precedent, and therefore the proposed transaction may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 31 July 2017 (after trading hours), the Company as the purchaser entered into the Share Purchase Agreement with the Vendor and the Warrantor, pursuant to which the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 45,411,600 H shares of the Target Company at the Consideration of HK\$73,112,676. The principal terms of the Share Purchase Agreement are summarised below:

THE SHARE PURCHASE AGREEMENT

Date: 31 July 2017 (after trading hours)

Parties:

- (1) The Company
- (2) The Vendor
- (3) The Warrantor

As at the date of this announcement, the Warrantor holds approximately 22.96% of the Company's issued shares and is a substantial shareholder of the Company. The Vendor is a wholly-owned subsidiary of the Warrantor and is an associate of the Warrantor. Accordingly, both the Warrantor and the Vendor are connected persons of the Company.

Assets to be acquired: The Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares. The Sale Shares represent approximately 16.67% of the issued H Shares of the Target Company and approximately 4.80% of the entire issued shares of the Target Company (comprising both H Shares and domestic shares) as at the date of this announcement.

Consideration: The Consideration of sale and purchase of the Sale Shares shall be HK\$73,112,676, which represents HK\$1.61 per Sale Share. The purchase price of HK\$1.61 per Sale Share represents a discount of approximately 1.35% to the average closing prices of the H Shares quoted on the Stock Exchange for the last 5 consecutive trading days, including the date of the Share Purchase Agreement, which is HK\$1.632 per Sale Share. The Consideration, including the purchase price per Sale Share, was determined after arm's length negotiations between the Company and the Vendor.

The Company shall pay the Consideration by its internal resources.

Deposit: The Purchaser shall pay a deposit in the amount of HK\$2,000,000 (the "Deposit") as earnest money to the Vendor within 5 days from the date of the Share Purchase Agreement. The Deposit is refundable in the event that condition precedent (a) as listed in the paragraph "Condition Precedent" below is not fulfilled prior to the Long Stop Date and the Deposit will be refunded back to the Purchaser within 3 days from the date of expiry of the Long Stop Date, without interest.

The balance of the Consideration in the total amount of HK\$71,112,676.00 shall be paid to the Vendor on the Completion Date.

Conditions precedent: The Acquisition shall be conditional upon:

- (a) the passing of all necessary resolutions by the Independent Shareholders at the EGM by way of poll to approve the Share Purchase Agreement and the transactions contemplated thereunder;
- (b) the warranties in the Share Purchase Agreement having remained true and accurate, and not misleading in all material respects at all times from the date of the Share Purchase Agreement up to and including the Completion Date;

- (c) the H shares of the Target Company remaining listed and traded on the Main Board of the Stock Exchange at all times from the date of the Share Purchase Agreement to and on the Completion Date, save for (i) suspension of less than 10 consecutive trading days; (ii) suspension on account of clearance of any announcements, circulars or any other documents pursuant to the requirements under the Listing Rules and the Takeovers Code and (iii) such longer period as the Parties may agree in writing; and
- (d) there having been no governmental action, court order, procedure, inquiry or investigation declaring the transactions contemplated under the Share Purchase Agreement illegal or prohibiting or restricting such transaction in any other way at any time before Completion.

Save for condition (a) above which cannot be waived by any party, the Company may waive any of the above conditions at any time by notice in writing to the Vendor and such waiver may be made subject to such terms and conditions as are determined by the Company.

As at the date of this announcement, none of the conditions have been fulfilled.

If the conditions above have not been fulfilled (or waived by the Company pursuant to the Share Purchase Agreement) prior to the Long Stop Date, the Share Purchase Agreement shall automatically terminate (other than the surviving provisions) and all rights and obligation of the parties shall cease to have effect immediately upon such termination. In such event, none of the parties shall have any claim against or liability or obligation, save for the accrued rights or liabilities of any party at or before such termination.

INFORMATION ON THE GROUP

The Group is principally engaged in the marketing, selling and manufacturing of healthcare products primarily targeting at children, among which “Hin Sang (衍生)” has been a long established reputable brand. The Group also trades reputable brands in skin care, personal care and slimming products. It is also developing its business in mother-infant Chinese medical healthcare as well as diagnosis and treatment services projects.

INFORMATION OF THE VENDOR AND THE WARRANTOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding. The Vendor is a wholly-owned subsidiary of the Warrantor.

As disclosed in the Warrantor’s 2016 annual report, the Warrantor is a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 607). The principal business activity of the Warrantor is investment holding. The Warrantor and its subsidiaries are principally engaged in (a) property development and investment, (b) tourism, (c) investment, (d) provision of healthcare products and services, and (e) new energy business.

INFORMATION ON THE TARGET COMPANY

As disclosed in the Target Company’s 2016 annual report, the Target Company is a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 3332). The Target Company is an investment holding company and engage in manufacturing and sale of nutritional supplements and trading of packaged health products in the PRC, Australia and New Zealand.

Set out below is a summary of the audited consolidated financial information of the Target Group for the two financial years ended 31 December 2015 and 31 December 2016, as extracted from the annual reports of the Target Company:

	For the year ended 31 December 2015	For the year ended 31 December 2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Profit before tax	184,507	119,516
Profit after tax	138,950	90,646

As disclosed in the Target Company's announcement dated 13 December 2016, the Vendor subscribed the Sale Shares at a subscription price of HK\$1.61 per Sale Share.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed above, the Target Company and its subsidiaries are engaged in provision of healthcare products and services while the principal business of the Group is marketing, selling and manufacturing of healthcare products to children and trading in personal care and slimming products, which are similar in nature. The Directors believe that the Acquisition will produce potential synergy and cooperation for business development in future. The Directors may consider exploring future investment opportunities and co-operation with the Target Group in future.

The Directors (excluding Dr. Dong Meixian and Mr. Yuen Chi Ping who hold management positions in the Warrantor and had abstained from voting at the Board resolutions approving the Share Purchase Agreement and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser) consider that the terms of the Share Purchase Agreement, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, except for Dr. Dong Meixian and Mr. Yuen Chi Ping who hold management positions in the Warrantor, no other Director had a material interest in the transactions contemplated under the Share Purchase Agreement and thus was required to abstain from voting at the Board meeting for considering and approving the Share Purchase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Warrantor holds approximately 22.96% of the Company's issued shares and is a substantial shareholder of the Company. The Vendor is a wholly-owned subsidiary of the Warrantor and is an associate of the Warrantor. Accordingly, both the Warrantor and the Vendor are connected persons of the Company. The Acquisition constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve among other things, the Share Purchase Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further information on the Share Purchase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser; and (iv) the notice of EGM, will be despatched to the Shareholders on or before 18 August 2017.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Share Purchase Agreement. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Shareholders and potential investors should be aware that the Share Purchase Agreement and the transactions contemplated thereunder are subject to the fulfilment of conditions precedent, and therefore the proposed transaction may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:–

“Acquisition”	the acquisition of the Sale Shares pursuant to the Share Purchase Agreement
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	means the board of Directors
“Company”	means Hin Sang Group (International) Holding Co. Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6893)
“Completion”	means completion of the Acquisition pursuant to the terms and conditions of the Share Purchase Agreement

“Completion Date”	means the second business day following the satisfaction of the conditions precedent under the Share Purchase Agreement unless waived by the Company or such other date as the parties to the Share Purchase Agreement may agree in writing
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	means the consideration in the total amount of HK\$73,112,676 payable by the Company to the Vendor for the Acquisition
“Director(s)”	means the director(s) of the Company
“EGM”	means the extraordinary general meeting of the Shareholders to be convened to consider, and if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder
“Group”	means the Company and its subsidiaries
“H Shares”	means H shares of the Target Company
“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	means the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung, established to advise the Independent Shareholders in respect of the Share Purchase Agreement

“Independent Shareholders”	means all Shareholders other than Viewforth Limited (which is wholly-owned by the Warrantor) and, if any, any other Shareholder with a material interest in the transactions contemplated under the Share Purchase Agreement
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 31 December 2017 or such other date as the Vendor and the Company otherwise agree in writing
“Main Board”	means main board of the Stock Exchange
“percentage ratio”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	means the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan
“Sale Shares”	means 45,411,600 H Shares in the issued share capital of the Target Company, representing approximately 16.67% of the issued H shares of the Target Company and approximately 4.80% of the entire issued shares of the Target Company (comprising both H Shares and domestic shares) as at the date of this announcement
“Share(s)”	share(s) of nominal value HK\$0.10 each in the share capital of the Company
“Share Purchase Agreement”	means the conditional share purchase agreement dated 31 July 2017 entered into between the Company as purchaser, the Vendor and the Warrantor in relation to the Acquisition
“Shareholder(s)”	means holder(s) of Share(s)

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	means the Code on Takeovers and Mergers and Shares Buy-backs administered by the Securities and Futures Commission of Hong Kong
“Target Company”	means Nanjing Sinolife United Company limited, a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 3332)
“Target Group”	means the Target Company and its subsidiaries
“Vendor”	means Five Seasons XIV Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Warrantor
“Warrantor”	means Fullshare Holdings Limited 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 607)

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

Hong Kong, 31 July 2017

As at the date of this announcement, the 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.