THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hin Sang Group (International) Holding Co. Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HS

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

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

中州國際融資有限公司
Central China International Capital Limited

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter from Central China International Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 37 of this circular.

A notice convening the extraordinary general meeting (the "**EGM**") to be held at Unit 1213-1215, 12/F, Seapower Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on 16 October 2017 (Monday) at 10:00 a.m. is set out on pages 54 to 55 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

22 September 2017

CONTENTS

In this circular (other than in the notice of EGM), the following expressions shall have the meanings set out below unless the context requires otherwise:

"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
"Deposit"	means a deposit in the amount of HK$2,000,000 payable by the Company to the Vendor pursuant to the terms of the Share Purchase Agreement, which is refundable
"Director(s)"	means the director(s) of the Company
"EGM"	means the extraordinary general meeting of the Shareholders to be convened on 16 October 2017 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 Shareholders"	means all Shareholders other than Viewforth Limited (which is wholly-owned by the Warrantor) and, if any, any Shareholders with a material interest in the transactions contemplated under the Share Purchase Agreement
"Latest Practicable Date"	19 September 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Independent Financial Adviser" or "Central China"	means Central China International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder
"Listing Rules"	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"	the People's Republic of China, and for the purposes of this circular 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 Latest Practicable Date
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"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 the Share(s)
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	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)
"%"	means per cent.

HS

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)

Executive Directors:	*Registered Office:*
Mr. Pang Siu Hin	Estera Trust (Cayman) Limited
Ms. Kwan Lai Man	Clifton House
Dr. Dong Meixian	75 Fort Street
	P.O. Box 1350
Non-executive Directors:	Grand Cayman
Ms. Wong Wai Ling	KY1-1108
Mr. Yuen Chi Ping	Cayman Islands
Independent Non-executive Directors:	*Headquarter and principal place of business in Hong Kong:*
Mr. Lee Luk Shiu	Unit 1213-1215, 12/F.
Dr. Tang Sing Hing, Kenny	Seapower Tower
Mr. Tsui Nam Hung	Concordia Plaza
	1 Science Museum Road
	Tsim Sha Tsui, Kowloon
	Hong Kong

22 September 2017

To the Shareholders

Dear Sirs,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 31 July 2017 in relation to, *inter alia*, the Share Purchase Agreement and the Acquisition.

The purpose of this circular is to provide you with, among other things, (i) further information of 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.

THE ACQUISITION

The Board is pleased to announce that, on 31 July 2017, 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 SHARE PURCHASE AGREEMENT

Date: 31 July 2017 (after trading hours)

Parties:

(1) The Company

(2) The Vendor

(3) The Warrantor

As at the Latest Practicable Date, 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 Latest Practicable Date.

Consideration:	The Consideration 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 represented 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 was 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 purchase price per Sale Share represents a premium of approximately 15.83% to the closing price of the H Shares quoted on the Stock Exchange at the Latest Practicable Date. The Company shall pay the Consideration by its internal resources.
Deposit:	The Company has paid the Deposit as earnest money to the Vendor on 2 August 2017 pursuant to the terms of the Share Purchase Agreement. The Deposit is refundable in the event that condition precedent (a) as listed in the paragraph "Conditions Precedent" below is not fulfilled prior to the Long Stop Date and the Deposit will be refunded back to the Company 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 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 to the Share Purchase Agreement 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 Latest Practicable Date, 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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

From the investment perspective, the Target Group had a dividend yield of 7.07% as at 31 December 2016, which provides a relative high return rate and serve as an attractive investment opportunity to the Group. The Directors also consider that it is time consuming and difficult to purchase a such large volume of H Shares in a single trade from the open market, because the average daily trading volume of the H Shares is a bit low, with approximately 1,300,000 of H Shares per day from 1 January 2017 to 31 July 2017. The Group will regard the investment in H Shares as an available-for-sale financial asset and hold for middle to long term purpose, which is in accordance with the Group accounting policies.

The Target Group is engaged in manufacturing and sale of nutritional supplements and trading of packaged health food products in the PRC, Australia and New Zealand 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 may consider exploring more co-operation opportunities with the Target Group in future.

As our Group has long history and strong sales network in the healthcare products market in Hong Kong, which could provide brand development and management services with exclusive distribution rights for the products of the Target Group in Hong Kong, and our Group could also provide resources on promotion and advertising to make the products of the Target Group penetrate into the healthcare products market in Hong Kong. On the other hand, the Target Group could also provide sale services to our Group's products to reach the customers in PRC and also overseas market.

The Directors believe that the Acquisition will produce potential synergy and cooperation opportunities for business development of the Group in future.

The Directors (including the independent non-executive Directors after taking into account the advice of 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.

IMPACT OF THE ACQUISITION ON THE ASSETS, LIABILITIES AND EARNINGS OF THE COMPANY

Upon Completion, the investment in Sale Shares will be classified as available-for-sale financial assets in accordance with the Group's accounting policies.

Based on the audited consolidated financial statements of the Group for the year ended 31 March 2017, and assume the Acquisition has been completed as of 31 March 2017, the Group's total assets would be reduced by approximately HK$10,162,000 (which is the difference between the Consideration and the fair value of the Sale Shares amounted to approximately HK$63,576,000 based on the closing price of HK$1.40 per Sale Share as at 31 March 2017, plus the estimated transaction costs of HK$625,000, the "**Difference**") from approximately HK$870,555,000 to approximately HK$860,393,000. There will be no impact on the Group's total liabilities as the Consideration will be settled by cash. The Group recorded a profit of HK$8,308,000 for the year ended 31 March 2017, and the Difference of approximately HK$10,162,000 would be recognized as a loss in the profit or loss of the Group, which cause the Group recorded a loss of HK$1,854,000 as if the Acquisition is completed on 31 March 2017.

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 the Target Group is engages in manufacturing and sale of nutritional supplements and trading of packaged health food products in the PRC, Australia and New Zealand.

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the six months ended 30 June 2017, and also the audited consolidated financial information of the Target Group for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, as extracted from interim report for the six months ended 30 June 2017 and the annual reports of the Target Company:

	For the year ended 31 December 2014	**For the year ended 31 December 2015**	**For the year ended 31 December 2016**	**For the six months ended 30 June 2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)
Profit before tax	139,558	184,507	119,516	53,764
Profit after tax	107,870	138,950	90,646	40,489

For further financial information and the trading and financial prospects of the Target Group, please refer to its 2014 annual report published on 1 April 2015, 2015 annual report published on 20 April 2016, 2016 annual report published on 19 April 2017 and interim report for the six months ended 30 June 2017 published on 18 September 2017 which contain the audited consolidated financial statements of the Target Group for each of the three years ended 31 December 2014 (pages 46-97), 31 December 2015 (pages 49-109), 31 December 2016 (pages 81-153) and the unaudited consolidated financial statements of the Target Group for the six months ended 30 June 2017 (pages 19-44) respectively. The annual reports and interim report for the six months ended 30 June 2017 have been published on the websites of the Stock Exchange (www.hkex.com.hk) and the Target Company (www.zs-united.com) and can be accessed by the direct links below:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0401/LTN201504011343.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0420/LTN20160420710.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0419/LTN20170419409.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0918/LTN20170918331.pdf

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

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 Latest Practicable Date, 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 Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

Any Shareholder that has a material interest in the Acquisition shall abstain from voting on the resolution approving the Acquisition at the EGM. As at Latest Practicable Date, the Warrantor holds 250,000,000 Shares, representing approximately 22.96% of the Company's issued shares. The Warrantor and their associates are required to abstain from voting in the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholders or any of their respective associates have any material interest in the Acquisition and are required to abstain from voting on the resolution approving the Acquisition at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Share Purchase Agreement. The Company has appointed Central China to advise the Independent Board Committee and the Independent Shareholders in this regard.

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. Each of Dr. Dong Meixian and Mr. Yuen Chi Ping has abstained from voting at the Board meeting for considering and approving the Share Purchase Agreement.

EGM AND ACTIONS TO BE TAKEN

The EGM will be held at Unit 1213-1215, 12/F, Seapower Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on 16 October 2017 (Monday) at 10:00 a.m. to consider and, if thought fit, approve, *inter alia*, the Share Purchase Agreement and the transactions contemplated thereunder.

A notice convening the EGM is set out on pages 54 to 55 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Shareholders and Independent Shareholders to be taken at the EGM shall be taken by poll.

RECOMMENDATION

The Board is of the view that the terms of the Share Purchase Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and are fair and reasonable. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolutions at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to:

(a) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular;

(b) the letter from Central China, the text of which is set out on pages 17 to 37 of this circular; and

(c) the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Hin Sang Group (International) Holdings Co. Ltd.
Pang Siu Hin
Chairman

HS

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)

22 September 2017

To the Independent Shareholders

Dear Sirs,

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

We refer to the circular dated 22 September 2017 issued by the Company to its Shareholders ("**Circular**") of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

Under the Listing Rules, the Acquisition constitutes connected transaction of the Company, and are subject to the approval of the Independent Shareholders at the EGM.

We have been appointed by the Board as the Independent Board Committee to consider the terms of the Share Purchase Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Share Purchase Agreement and the transactions contemplated thereunder, and whether such transaction is on normal commercial terms and in the ordinary and usual course of business of the Company, and whether such transactions are in the interests of the Company and the Shareholders as a whole, and how to vote on such transaction. Central China has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Central China as set out in the Circular.

Having considered the principal factors and reasons considered by, and the advice from Central China as set out in its letter of advice, we consider that the terms of Share Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and entered into after arm's length negotiation, and that the Share Purchase Agreement and the transactions contemplated thereunder is in the best interest of the Company and the Shareholders as a whole. The Share Purchase Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Company. We also consider that the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to approve the Share Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Lee Luk Shiu **Tang Sing Hing, Kenny** **Tsui Nam Hung**

Independent non-executive Directors

The following is the text of a letter of advice from Central China to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of incorporation in this circular.

中州國際融資有限公司
Central China International Capital Limited

Suites 1505-1508
Two Exchange Square
8 Connaught Place
Central
Hong Kong

22 September 2017

To the Independent Board Committee and the Independent Shareholders of Hin Sang Group (International) Holdings Co. Ltd.

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. Details of the Acquisition are set out in the circular of the Company dated 22 September 2017 (the "**Circular**") of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context requires otherwise.

On 31 July 2017 (after trading hours), the Company announced that the purchaser had 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, representing HK$1.61 per Sale Share (the "**Announcement**"). 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 as at the Latest Practicable Date.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 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 Latest Practicable Date, Fullshare Holdings Limited ("**Fullshare**" or the "**Warrantor**") holds approximately 22.96% of the Company's issued Shares and is a substantial shareholder of the Company. Five Seasons XIV Limited ("**Five Seasons**" or the "**Vendor**") is a wholly-owned subsidiary of the Warrantor and is an associate of the Warrantor. Accordingly, both Fullshare and Five Seasons are connected persons of the Company. The Acquisition constitutes a connected transaction of the Company under 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, comprising all the independent non-executive Directors, namely, Mr. Lee Luk Shiu, Dr. Tang Sing Hing, Kenny and Mr. Tsui Nam Hung, has been established to advise the Independent Shareholders (i) as to the fairness and reasonableness of the Share Purchase Agreement and the transactions contemplated thereunder; (ii) whether such transactions are on normal commercial terms and in the ordinary and usual course of business of the Company; and (iii) whether such transactions are in the interests of the Company and the Shareholders as a whole, and how to vote on the Share Purchase Agreement. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

OUR INDEPENDENCE

We did not act as the independent financial adviser to the independent board committee and the independent shareholders of the Company for any transaction in the past two years. Neither did we have any relationship with or interest in the Company or any other parties including, but not limited to, the Warrantor, the Vendor and the Target Company as well as their associates that could reasonably be regarded as relevant to our independence in the past two years. Aside from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist under which we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Acquisition. We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement as contained in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Target Company, the Vendor and the Warrantor or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation on the Acquisition and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information

(a) The Group's business activities

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 in skin care, personal care and slimming products of reputable brands. It is also developing its business in mother-infant Chinese medical healthcare as well as diagnosis and treatment services projects.

(b) The Group's financial performance

Set out below is a summary of the audited consolidated financial information on the Group for the two years ended 31 March 2016 and 31 March 2017 as extracted from the Company's annual report for the year ended 31 March 2017 (the **"AR 2016-2017"**).

	For the year ended 31 March 2017	**For the year ended 31 March 2016**	**Year on year change**
	HK'000	*HK'000*	*%*
Revenue	201,815	227,460	(11.27)
Profit for the year	8,308	21,215	(60.84)

	As at 31 March 2017	**As at 31 March 2016**	**Year on year change**
	HK'000	*HK'000*	*%*
Bank balances and cash	288,851	239,742	20.48

For the year ended 31 March 2017, the Group's revenue was approximately HK$201.8 million, representing a decrease of 11.3% as compared to approximately HK$227.5 million for the same period in 2016.

According to the AR 2016-2017, as a result of the weak retail market in Hong Kong and the continuous effect resulting from the change of policy of Shenzhen permanent residents' multiple-entry permits to one-visit-one-week, sales revenues for Hong Kong market declined significantly during the period, whereas the PRC market still recorded satisfactory growth. "Hin Sang 衍生" brand, now available in 19 provinces in the PRC, has received continuous advertising support to effectively reach couples with children through broadcasting new TV commercials on nationwide networks with high frequency, contributing to a natural growth in the PRC market.

Among the Group's business segments, the product development segment, in which the Group develops own products sold under its own brands, was still the largest segment which contributed approximately 88.7% of the Group's revenue for the year ended 31 March 2017 as compared to 81.4% of the revenue for the year ended 31 March 2016. Revenue contribution from the brand development and management segment decreased from 13.4% for the year ended 31 March 2016 to 9.4% for the same period in 2017. The trading of goods segment also recorded a continuous drop in revenue and its revenue contribution to the Group dropped from approximately 5.2% for the year ended 31 March 2016 to approximately 1.9% for the same period in 2017.

(c) Future business development of the Group

Upon our inquiry, the Company has outlined the following strategies for the Group's future business development. First, in order to expand in the mother-infant healthcare market, the Group has established a joint venture company with Fullshare group to expand the business of mother-infant Chinese medical healthcare as well as diagnosis and treatment services to capture this fast-growing market. Hin Sang Herbaby Health Centre was officially opened on 25 June 2017 in Shek Mun, Shatin, Hong Kong.

In addition, the Group has formed two joint venture companies with Nanjing South Chinese Medical Fullshare Health Institute Company (the "**Health Institute**")(南京南中醫豐盛健康學院有限公司) to operate Chinese medical clinics in Nanjing, the PRC. The Directors believe that these joint venture companies can further leverage on the financial resources, management experience and expertise of the Group and the Health Institute to take advantage of the opportunity brought by the "two-child" policy of the PRC. Further details were set out in the Company's announcement dated 8 June 2017.

Second, with a view to further enhancing brand recognition of the Group's own brands, the Group's new product development initiative will focus on canned botanical beverages and extension of health supplement. Hin Sang Health Star Botanical Beverage (衍生十星茶) and Hin Sang Shiny Eye Botanical Beverage (衍生采瞳) were launched in June 2017 through effective and innovative promotional channels. The Group expects to further capture the mother infant healthcare market in Hong Kong and the PRC.

Third, for the purpose of expanding the manufacturing arm of the Group, the Group plans to enhance the production efficiency of its own brands in order to capture future opportunities. The Group intends to develop a production plant for manufacturing health supplements in Yunfu City of the Guangdong Province, the PRC, aiming to increase the production volume and efficiency and attaining more stringent quality control. For details, please refer to the announcement of the Company dated 21 June 2017.

(d) Information on the Vendor and the Warrantor

Five Seasons is a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding. As mentioned before, Five Seasons is a wholly-owned subsidiary of the Warrantor, namely Fullshare.

As disclosed in the Fullshare's 2016 annual report, Fullshare 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 Fullshare is investment holding. Fullshare 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.

(e) Information on the Target Group

As disclosed in the annual report of Nanjing Sinolife United Company Limited ("**Nanjing Sinolife**" or the "**Target Company**") for the year ended 31 December 2016, 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). Nanjing Sinolife is an investment holding company and the Target Group is engaged in manufacturing and sale of nutritional supplements and trading of packaged health food products in the PRC, Australia and New Zealand.

The Target Group operates business mainly through combining retail shops under the Zhongsheng and the Cobayer brands and online model of the Hejian brand internally, and the mutual penetration of distributors under the Good Health brand, chain pharmacies and travel channels externally. The Target Group also conducts continual brand building and marketing by opening flagship stores at major e-commerce platforms at home and abroad.

Set out below is a summary of the audited consolidated financial information of the Target Group for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, as extracted from the annual reports of the Target Company for the corresponding reporting periods as well as the unaudited consolidated financial information of the Target Group for the six months ended 30 June 2017 contained in the Target Company's interim report 2017 (the "**Interim Report**").

Brief review of business performance in the first half of 2017

Some of the financial highlights during this period include: (i) revenue increased by 31.3% to RMB245.3 million (First half of 2016: RMB186.8 million); (ii) gross profit increased by 27.9% to RMB167.8 million (First half of 2016: RMB131.2 million); (iii) profit for the period increased by 0.5% to RMB40.5 million (First half of 2016: RMB40.3 million).

On page 9 of the Interim Report, it was stated that revenue generated from the PRC market increased by approximately 25% from RMB123.3 million in the first half of 2016 to RMB154.1 million in the first half of 2017, primarily due to the increased sales of the products under the Hejian and the Good Health brands in China. Revenue generated from the New Zealand market, on the other hand, increased by approximately 39.2% from RMB54.3 million in the first half of 2016 to RMB75.6 million in the first half of 2017, which was primarily due to the significantly increased sales of Good Health series products. Gross profit for the first half of 2017, on the other hand, was RMB 167.8 million which represented an increase of approximately 27.9% from RMB 131.2 million for the same period in 2016.

The significant increase in the Group's revenue by approximately 31.3% during the reporting period was mainly attributable to the increases in revenue generated by the Good Health brand and the Hejian brand. Profits for the reporting period, however, increased mildly due to the (i) significant increase in sales of Good Health products in the first half of 2017 was partially offset by the decrease in sales of Zhongsheng series products arising from the branding integrations of the Zhongsheng and the Hejian products; and (ii) significant increase in the marketing and promoting expenses arising from continuous increase in promotional activities for our brands during the period.

On page 8 of the Interim Report, it was said that as of 30 June 2017, the Target Group sold an aggregate of 713 (2016: 703) existing products and new products, which included 95 (2016: 92) Zhongsheng series products, 56 (2016: 56) Cobayer series products, 348 (2016: 342) Good Health series products, 94 (2016: 91) Hejian series products and 120 (2016: 127) Living Nature series products. The Group also launched a total of 13 new products during the reporting period, including two Zhongsheng series products, three Hejian series products, six Good Health series products and two Living Nature series products. It is envisaged that new products sales will be reflected in the financial statements in respect of the second half of 2017.

	For the six months ended 30 June 2017	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(audited)	(audited)	(audited)
Revenue	245,256	466,241	397,064	252,449
Profit before tax	53,764	119,516	184,507	139,558
Profit after tax	40,489	90,646	138,950	107,870

Brief review of business performance for the year ended 31 December 2016

For the financial year ended 31 December 2016, it is noted that although the Target Group's revenue increased from RMB397.1 million in 2015 to RMB466.2 million in 2016, representing an increase of 17.4%, the profit for the year reported decreased from RMB139.0 million in 2015 to RMB90.6 million in 2016, representing a decrease of 34.8%.

According to the Target Company's annual report for the year ended 31 December 2016 (the "**Annual Report**"), the drop in profit was mainly caused by the Group's re-organisation of the newly acquired business as follows: (i) product optimization of Zhongsheng series products and Hejian series products, therefore, sales of Zhongsheng series products decreased; and (ii) the Group's advertising and promotional activities were mainly focused on Good Health series products during the reporting period, so the sales of Cobayer series products decreased.

The Annual Report further stated, among others, that during the year ended 31 December 2016, the Group launched 56 new products, including two Zhongsheng series products, 12 Cobayer series products, five Hejian series products, 29 Good Health series products and eight Living Nature series products during the Year. As of 31 December 2016, the Group offered 703 products, which consisted of 92 Zhongsheng series products, 56 Cobayer series products, 342 Good Health series products, 91 Hejian series products and 127 Living Nature series products.

For further financial information and the trading and financial prospects of the Target Group, please refer to its 2014 annual report, 2015 annual report, 2016 annual report and the Interim Report, which have been published on the websites of the Stock Exchange (www.hkex.com.hk) and the Target Company (www.zs-united.com). Further details can be found on page 12 of the Circular.

Signs of Target Group's improved performance

Having reviewed the Interim Report and the Annual Report, we note there are incipient signs that the business performance of the Target Group has improved from that of 2016 for at least the following reasons. First, revenue and gross profits of the Target Group increased by 31.3% and 27.9% respectively for the first half of 2017. Second, one of the main causes for the drop in profits for the year ended 31 December 2016 was the decrease in the sales of Zhongsheng series products which had already been compensated for by the substantial increase in revenue from the sales of the Good Health brand in the first six months of 2017. Third, for the first six months of 2017, the Target Group offered six additional Good Health series products and three additional Hejian series products, which have proved to be two of the Target Group's best selling products, as compared to the products which the Target Group sold in 2016. It is envisaged that new products sales will be reflected in the financial statements in respect of the second half of 2017.

As disclosed in the announcement dated 13 December 2016 by Nanjing Sinolife, Five Seasons had subscribed for the Sale Shares from the Target Company at a subscription price of HK$1.61 per Sale Share, and the allotment of Sale Shares was completed on 22 December 2016. It is noted that Five Seasons is now selling the Sale Shares at the same purchase price of HK$1.61 per Sale Share to the Company pursuant to the Share Purchase Agreement.

2. Reasons for and benefits of the Acquisition

(a) Reasons for the Acquisition

According to the Letter from the Board in the Circular, the Target Group and the Group are in similar lines of business. The Target Group is engaged in manufacturing and sale of nutritional supplements and trading of packaged health food products 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. The Directors may consider exploring future investment opportunities and co-operation with the Target Group in future.

(b) Possible benefits of the Acquisition

(i) Overview of the healthcare products industry

To gauge the possible benefits of the Acquisition, we conducted a brief overview of the prospects of the healthcare products industry in the PRC and New Zealand, in which the Target Group derives approximately 69% and 27% of its revenue respectively.

The PRC

In August 2016, the Meeting of Political Bureau of the Communist Party of China Central Committee considered the "Healthy China 2030 Plan". "Healthy China" has been upgraded to a state-level strategy. China's nutritional supplements industry will enter into a brand new era. Furthermore, according to the "Outline of the Programme for Food and Nutrition Development in China (2014-2020)" published by the State Council of the PRC, the PRC will actively raise the nutrient intake of its people, and will make the development of health food and nutrient fortified food one of the priorities.

This optimism is echoed by a report authored by the Trade Development Council in which it was stated, among others, sales of health food in China are around RMB200 billion annually, of which consumption by the middle-aged and the elderly accounts for more than 50%. As living standards continue to rise, seniors are paying increasing attention to keeping healthy and enhancing immunity. As a result, health products have become a popular choice for elders to stay fit and healthy. Market forecasts predict that between 2014 and 2050 China's elderly population consumer market will jump from about RMB4 trillion to about RMB106 trillion and it is estimated that spending on health, wellness and medical care will grow particularly sharply (http://china-trade-research.hktdc.com/business-news/article/China-Consumer-Market/China-s-Health-Food-Market/ccm/en/1/1X000000/1X002L54.htm).

New Zealand

According to figures from Statistics New Zealand (http://www.stats.govt.nz/), based on the death rates in New Zealand in 2012 to 2014 the life expectancy is 83.2 years for females and 79.5 years for males. The life expectancy at birth has increased by 1.0 years for females and 1.5 years for males from 2005 to 2007. As at 30 June 2015, New Zealand's estimated resident population was 4.60 million, representing a growth of approximately 1.93% compared to the previous year. As at 30 June 2015, population aged 65 and over amounted for approximately 14.71% of the total resident population. The real gross national household disposable income per capita was approximately NZ$48,402 in 2016 with a compound average annual growth rate ("**CAGR**") of approximately 1.85% from 2012 to 2016.

(ii) Brief review of the prospects of the Target Group

We also conducted a desktop review of the business and financial prospects of the Target Group. Based on the findings from the review, it is noted that the Target Group had a dividend yield of 7.07% as at 31 December 2016, representing an increase of 18.23% from 5.98% as at 31 December 2015. The high dividend yield provides a more attractive investment opportunity to the Group by providing a higher return than otherwise by placing the same amount of money in a fixed deposit account at a bank.

The Target Group is also noted to possess at least the following advantages over its competitors. Firstly, higher customer retention rate (a) by engaging in unconventional direct marketing model – assignment of a sales representative to each customer as the customer receives calls on new products and refill reminders; and (b) by selling products at its own stores. This allows the Target Group to maintain much more end-user control, including early detection of any changes in user demand and centralised management, which enables its customers to have higher-quality and personalised shopping experience.

Secondly, sale of different types of products to cater to a broader range of customer group – the Target Group sells its products in Zhongsheng specialty retail stores (affordable products manufactured in China for middle-aged to elderly customers) and Cobayer specialty retail stores (imported products sold in high-end shopping malls to cater for wealthier and younger users).

Finally, well located retail stores – the Zhongsheng stores are located in first-tier cities in China including Shenzhen, Guangzhou and Beijing, and other densely populated cities and provinces such as Nanjing, Shandong, Hubei and Sichuan and mainly located in central business districts, well established residential areas and local transportation centres. These locations possess strong consumer purchasing power with high growth potential. Its Cobayer stores, on the other hand, are located in large, premium shopping malls in cities to target young and affluent shoppers. This could strengthen the brand image of Cobayer products as high-end imported nutritional supplements.

However, as mentioned before, the Target Group experienced a drop of 34.8% in profits in 2016 and the expansion of its sales network, based on the annual report 2016, also halted. As of 31 December 2016, it had 36 retail stores under the Zhongsheng brand (39 stores in 2015) and 24 retail stores under the Cobayer brand (43 stores in 2015).

(iii) Our view on the Acquisition

Based on the above overview, we are of the view that the prospects of the health products industry in China and New Zealand are promising. Insofar as the Acquisition is concerned, a news report said that China's economy grew 6.9% in the first quarter of 2017, the pace of which was the fastest since the third quarter of 2015 (https://www.cnbc.com/2017/04/16/china-reports-q1-gdp.html). Moreover, upon our inquiry, the Directors expressed the view that the Acquisition could provide potential cooperation opportunities and mutual benefits to the Group and the Target Group. As the Group has long history and strong sales network in the healthcare products market in Hong Kong, it could provide brand development and management services with exclusive distribution rights for products of the Target Group in Hong Kong, and the Group could also provide resources on promotion and advertising for Target Group's products to penetrate the healthcare products market in Hong Kong. Similarly, since the Target Group has strong presence in the healthcare products markets in the PRC and New Zealand, it could help provide sale services to the Group's products to reach customers in those markets.

Given that (i) the economic climate in the PRC has improved; (ii) there are signs that the business performance of the Target Group has improved (see the Interim Report); and (iii) the Acquisition could provide mutual business benefits to the Group and the Target Group, we concur with the Directors that, on balance, the entering into the Share Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. The Share Purchase Agreement

(a) Summary of the major terms

Date:	31 July 2017 (after trading hours)
Parties:	The Company, the Vendor and the Warrantor
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 the Latest Practicable Date.
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 purchase price per Sale Share represents a premium of approximately 15.83% to the closing price of the H Shares quoted on the Stock Exchange at the Latest Practicable Date. The Company shall pay the Consideration by its internal resources.

Deposit:	The Company paid the Deposit as earnest money to the Vendor on 2 August 2017 pursuant to the terms of the Share Purchase Agreement. The Deposit is refundable in the event that condition precedent (i) as listed in (b) "Summary of conditions precedent" below is not fulfilled prior to the Long Stop Date and the Deposit will be refunded to the Company 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 shall be paid to the Vendor on the Completion Date.

Please refer to pages 6-7 of the Circular for details in respect of the above-mentioned terms.

(b) Summary of conditions precedent

The Acquisition shall be conditional upon, among others:

(i) 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;

(ii) 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;

(iii) 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; and

(iv) 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.

The Company may waive any of the above conditions, other than (i), at any time by way of written notice to the Vendor, and such waiver may be made subject to such terms and conditions as are determined by the Company. As at the Latest Practicable Date, none of the conditions have been fulfilled.

If the conditions above have not been fulfilled (or waived by the Company 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.

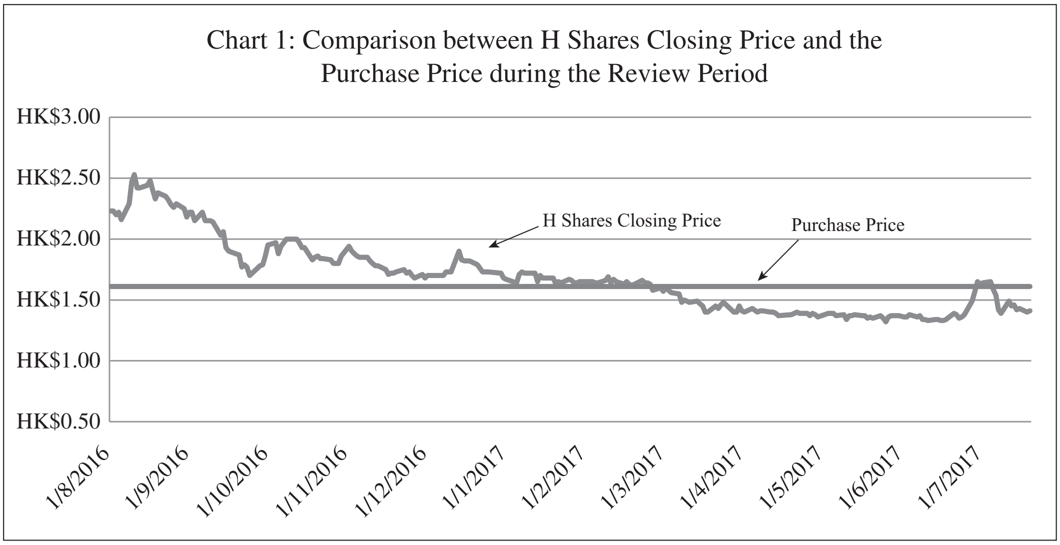
Please refer to pages 7-8 of the Circular for details in respect of the above-mentioned conditions precedent.

4. Assessment of the terms of the Share Purchase Agreement

(a) Evaluation of the Consideration

As mentioned above, the Consideration, which was arrived at after arm's length negotiation between the Company and Five Seasons, shall be HK$73,112,676, which represents HK$1.61 per Sale Share. The purchase price of HK$1.61 per Sale Share ("**Purchase Price**") 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 H Share.

In order to assess the fairness and reasonableness of the Purchase Price, we have reviewed the daily closing price of the H Shares ("**H Shares Closing Price**") for the period from 1 August 2016 to 31 July 2017, with the latter being the date of the Share Purchase Agreement (the "**Review Period**"). We consider a period of twelve months is long enough to capture the recent price movements of the H Shares so that a reasonable comparison between the H Shares Closing Price and the Purchase Price is able to be conducted.



Source: SEHK website

As shown in Chart 1, during the Review Period, the H Shares Closing Prices fluctuated within the range between HK$1.32 on 24 May 2017 and HK$2.53 on 10 August 2016, with an average of approximately HK$1.69 (the "**H Shares Price Range**"). Starting from January 2017, the H Shares closing prices started to decline and were traded consistently below the Purchase Price since the end of February 2017 with a rebound between 27-31 July 2017.

However, it is worth noting that the Purchase Price (i) lies within the H Shares Price Range with reference to the Review Period; and (ii) represented (a) a discount of approximately 36.36% from the highest H Share Closing Price (i.e. HK$2.53) during the Review Period; (b) a discount of approximately 4.73% from the average H Share Closing Prices (i.e. HK$1.69) during the Review Period; and (c) 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. In addition, we share the Company's view that while the H Shares traded below the Purchase Price for 129 out of 189 trading days (68.25%) between 13 December 2016, the day when Five Seasons subscribed for the Sale Shares from the Target Company at HK$1.61 per Sale Share, and the Latest Practicable Date, this fact, in our opinion, could not be viewed in isolation in assessing whether or not the Purchase Price is fair and reasonable. Instead, we are of the view that this price trend should be viewed in the round and be balanced with (i) the recent improvement in the Target Company's business performance set out in above section 1(e) headed "Information on the Target Group"; and (ii) the possible benefits arising from the Acquisition in the long run set out in above section 2(b) headed "Possible benefits of the Acquisition". Having considered the above reasons, we concur with the Company's view that the Purchase Price (i.e. HK$1.61 per Sale Share) is, on balance, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In assessing the fairness and reasonableness of the Consideration, we have conducted analyses by applying the price to earnings ratio analysis (the "**PER**") and price to book ratio analysis (the "**PBR**") with a number of comparable companies as set out below. PER is a commonly used valuation method in the market for assessing the value of a business. In particular, it is used for valuing businesses with established and profitable history, which the Target Company has enjoyed for at least the past five years ended 31 December 2016. PBR is another business valuation method for valuing businesses with, among others, plenty of assets on the books. Companies in the healthcare industry tend to have a high proportion of intangible assets on its books, including brand names, valuable employees, and research and development of medicines and methods of care. Based on the above, we believe that the PER and the PBR are appropriate methods to evaluate the fairness and reasonableness of the Consideration.

The criteria for selecting companies for comparison were: companies (i) listed on the Stock Exchange which (ii) are engaged in similar line of business as the Target Group, i.e. the manufacturing and sale of healthcare products, and (iii) derive most of their revenue from the Chinese, New Zealand, Australian markets for comparison. To the best of our knowledge and endeavour, we could not find any company listed in Hong Kong that completely meet our selection criteria. For this reason, we extended our criteria to include companies listed on the Stock Exchange which are engaged in similar businesses as the Target Group i.e. the manufacturing and sale of healthcare products and derived a majority (i.e. at least 60%) of their sales revenue from the markets in the PRC, Hong Kong, New Zealand and/or Australia either singly or jointly. We found nine Hong Kong listed companies which met the said criteria after reviewing the annual reports of each of the nine listed companies based on the extended search criteria (the "**Market Comparables**") and they are exhaustive as far as we are aware of. Shareholders, however, should note that the businesses, operations and prospects of the Company/the Target Company are not exactly the same as the Market Comparables.

Table 1: Comparison with Market Comparables

Company Name (stock code)	Principal Business	Major Markets	PER (times) *(Note 1)*	PBR (times) *(Note 2)*
Tianda Pharmaceuticals Ltd (455)	Research and development, production and sale of pharmaceutical, biotechnology and healthcare products	The PRC, Hong Kong and Australia	0.62	0.95
CK Life Sciences Intl., (Holdings) Inc (775)	Research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products as well as investment in various financial and investment products	The PRC, Hong Kong, Australia and New Zealand	24.40	1.39
Wai Yuen Tong Medicine Holdings Limited (897)	Production and sales of traditional Chinese and Western pharmaceutical products, health food and personal care products and property investment	The PRC and Hong Kong	N/A *(Note 3)*	0.18
Besunyen Holdings Co Ltd (926)	Manufacture and sales of therapeutic tea products and slimming products	The PRC	N/A *(Note 3)*	0.80
RM Group Holdings Ltd (932)	Sale, marketing and distribution of health and beauty supplements and products in Hong Kong, Taiwan and the PRC	The PRC	303.33	18.20
Tong Ren Tang Technologies Company Ltd (1666)	Production and distribution of Chinese medicine	The PRC	7.48	1.08
Real Nutriceutical Group Limited (2010)	Manufacture and sales of health and nutritional supplements and pharmaceutical products	The PRC and Hong Kong	N/A *(Note 3)*	0.09
Ausupreme International Holdings Ltd (2031)	Developing, marketing and sale of health and personal care products	Hong Kong and the PRC	90.20	1.85
Beijing Tong Ren Tang Chinese Medicine Co Ltd (8138)	Manufacturing, retail and wholesale of Chinese medicine products and healthcare products; and provision of Chinese medical consultation and treatments	Hong Kong, the PRC, Australia and New Zealand	21.72	4.08
		Minimum	**0.62**	**0.09**
		Maximum	**303.33**	**18.20**
		Average	**74.63**	**3.18**
		Average (without outliers)	**–**	**1.30**
The Consideration	Manufacture and sales of nutritional supplements and health food products	The PRC, New Zealand and Australia	14.48 *(Note 4)*	1.49 *(Note 5)*

Notes:

1. The PERs of the Market Comparables were calculated based on the closing prices of the respective shares on 31 July 2017, being the date of the Share Purchase Agreement, and the audited earnings per share as disclosed in the latest published annual reports of the respective Market Comparables.

2. The PBRs of the Market Comparables were calculated based on the closing prices of the respective shares on 31 July 2017, being the date of the Share Purchase Agreement, and net asset value divided by the number of shares in issue as disclosed in the most recent published financial results of the respective Market Comparables.

3. The selected companies were loss making during the relevant latest financial year, hence no PER can be calculated.

4. The implied PER of the Acquisition was calculated by dividing the Consideration of HK$73,112,676 by 4.8% of the audited profit after tax of the Target Group for the year ended 31 December 2016.

5. The implied PBR of the Acquisition was calculated by dividing the Consideration of HK$73,112,676 by 4.8% of the audited net asset value of the Target Group as at 31 December 2016.

We note from the 4th column of Table 1 (the "**4th Column**") that the PERs of the Market Comparables ranged from approximately 0.62 times to 303.33 times, with an average of approximately 74.63 times. In terms of identifying outlier in the data set out in the 4th Column (see http://www.mathwords.com/o/outlier.htm for a definition and derivation of outlier), given that there is no PER of the Market Comparables in the 4th Column which falls more than 1.5 times the interquartile range (i.e. 1.5 * 129.37 = 194.05) above the third quartile (i.e. 139.31 times) or below the first quartile (i.e. 9.94 times), there is therefore no outlier that could statistically be identified in the data in the 4th Column. Accordingly, our consideration would take into account all the data in the 4th Column. The implied PER of the Consideration is 14.48 times, and it comes within the said PER range of the Market Comparables.

We also note from the 5th column of Table 1 (the "**5th Column**") that the PBRs of the Market Comparables ranged from approximately 0.09 times to 18.20 times, with an average of approximately 3.18 times. Based on the criteria set out above in relation to identifying outlier, it is noted that the PBR of RM Group Holdings Limited (the "**RM Group**") is 18.20 times, which falls more than 1.5 times the interquartile range (i.e. 1.5 * 5.875 = 8.812) above the third quartile (i.e. 6.38 times) of the data in the 5th Column, hence an outlier. Apart from it, there is no data in the 5th Column which can be identified as another outlier. Accordingly, the PBR of the RM Group would be the sole outlier in the data in the 5th Column and be disregarded in our consideration. The PBRs of the Market Comparables (excluding the RM Group) ranged from approximately 0.09 times to 4.08 times, with an average of approximately 1.30 times. The implied PBR of the Consideration of 1.49 times is therefore within the said PBR range of the Market Comparables (without the RM Group).

Given that 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, and the implied PER and PBR of the Consideration are within the PER range and the PBR range of the Market Comparables respectively, we consider that the Purchase Price and hence the Consideration are fair and reasonable and in the interests of the Company and Shareholders as a whole.

(b) Other terms of the Share Purchase Agreement

In addition to the Consideration, we have reviewed the other major terms of the Share Purchase Agreement including the Completion, representations, warranties and undertakings, and found nothing unusual and not on normal commercial terms.

In light of the above analysis, we are of the view the terms of the Share Purchase Agreement and the transactions contemplated thereunder are, on balance, fair and reasonable and on normal commercial terms. The Share Purchase Agreement and the transactions contemplated thereunder is therefore in the interests of the Company and the Shareholders as a whole.

5. Possible financial effects of the Acquisition

The following aspects should be taken in account when assessing the financial impacts of the Acquisition:

Net asset value:-

Based on the unaudited pro forma financial information of the Group (the "**Unaudited Pro Forma Financial Information**") as set out in Appendix II to the Circular, which was prepared on the assumption that the Acquisition took place at 31 March 2017, the unaudited pro forma consolidated net asset value of the Group as at 31 March 2017 would be reduced by the difference between the Consideration (i.e. HK$73,113,000) and the fair value of 45,411,600 H Shares of the Target Company as at 31 March 2017 based on a closing price of HK$1.40 per Sale Share (i.e. HK$63,576,000), plus the estimated transaction costs (i.e. HK$625,000), which amounts to HK$10,162,000 in total. As a result, it is expected that there would be a slight decrease in the net asset value of the Group from HK$870,555,000 to HK$860,393,000.

Profit and loss:-

Upon Completion, the Sale Shares would be classified as available-for-sale investments in the accounts of the Group. With reference to the previous paragraph, the difference of approximately HK$9,537,000 between the Consideration and the fair value of 4.8% of the issued Share Capital of the Target Company as at 31 March 2017 based on a closing price of HK$1.40 per Sale Share together with the transaction costs of HK$625,000 would be recognised as a loss in profit or loss.

Working capital:-

As stated in the Letter from the Board, the Consideration will be funded by the internal resources of the Group. Given that the Group had bank balances and cash of approximately HK$288.85 million as at 31 March 2017 as disclosed in the AR 2016-2017, and the Consideration is HK$73.11 million in total, we concur with the view of the Company that the Group would have sufficient internal resources to fulfill its payment obligations under the Acquisition.

It should be noted that the above is for illustrative purpose only, and does not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the above principal factors and reasons, we are of the view and concur with the opinion of the Board that, on balance, the Share Purchase Agreement and the transactions contemplated thereunder, while not in the ordinary business of the Group, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the relevant resolution(s) at the EGM to approve the Acquisition and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Central China International Capital Limited
Billy C. W. Cheung
General Manager

Mr. Cheung is a licensed person under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in corporate finance.

1. AUDITED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2015, 31 March 2016 and 31 March 2017 were disclosed in the annual report 2014/2015 published on 17 July 2015, annual report 2015/2016 published on 19 July 2016 and annual report 2016/2017 published on 20 July 2017 respectively, which have been published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.hinsanggroup.com).

For financial information of the Group, please refer to pages 63-155 of annual report 2014/15, pages 64-155 of annual report 2015/16 and pages 100-207 of annual report 2016/17 for further details and can be accessed by the direct links below:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0717/LTN20150717391.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0719/LTN20160719318.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0720/LTN20170720965.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to printing of this circular, the Group had no outstanding borrowings.

Apart from the intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 July 2017, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or finance lease commitments, mortgages, charges, material contingent liabilities, guarantees, debentures, loans or similar indebtedness.

3. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account of its existing cash and bank balances, other internal resources available and available banking facilities, the funding requirements for the Acquisition, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstance.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is exploring and enhancing the development of the following four business directions to achieve valuable prospects.

(a) The Group has established a joint venture company with the Warrantor and its subsidiaries to expand the business of mother-infant Chinese medical healthcare as well as diagnosis and treatment services to capture this fast-growing market. Hin Sang Herbaby Health Centre has operated since 25 June 2017 in Shek Mun, Shatin.

In addition, the Group has established joint venture companies with 南京南中醫豐盛健康學院有限公司 (Nanjing South Chinese Medical Fullshare Health Institute Company*) to operate Chinese medical clinics in Nanjing, the PRC. One of the Chinese medical clinic, 南京衍生雨花客廳中醫門診部有限公司 (Nanjing Hin Sang Yuhua Ke Ting Chinese Medical Clinic Company*) has operated on 16 September 2017. The Directors believe that these joint venture companies can further leverage on the financial resources, management experience and expertise of the Group and 南京南中醫豐盛健康學院有限公司 (Nanjing South Chinese Medical Fullshare Health Institute Company*), in light of the huge opportunity brought by the "two-child" policy of the PRC.

(b) Hin Fai International Holding Company Limited ("Hin Fai") was set up as the Group's online platform to promote e-commerce sales. In light of the rapid development of e-commerce, Hin Fai recorded approximately HK$9.1 million in revenue for the year ended 31 March 2017. Since May 2016, the Group's online sales has been operating by independent third party merchants. In the future, the Group with a view to further expand e-commerce by increasing its resources allocation.

(c) The Group has developed the "Hin Sang (衍生)" brand into a well-recognised brand in Hong Kong through an effective targeted advertising program well-positioned to emphasize on product safety and quality. To further enhance the popularity of the Group's own branded products in Hong Kong as well as the brand awareness and image in the PRC, the Group's new product development initiative will focus on canned botanical beverages and extension of health supplement. "Hin Sang Health Star Botanical Beverage (衍生十星茶)" and "Hin Sang Shiny Eye Botanical Beverage (衍生采瞳)" was launched in second half of 2017 through effective and innovative promotional channels. The Group expects to continue to further capture the mother-infant healthcare market in Hong Kong and the PRC.

* *The English name is a translation of its Chinese name and included herein for identification purpose only.*

(d) The Group plans to develop its own manufacturing arm to enhance the production efficiency for its own branded products in order to capture opportunities ahead. The Group intends to develop a production plant for manufacturing health supplements in Yunfu City, Guangdong Province, the PRC, aiming to increase the production volume and efficiency and attaining more stringent quality control.

Going forward, the PRC will definitely be the Group's profit generator and Hong Kong is expected to achieve sustainable growth via its new products and solid brand portfolio. Export business to Asian countries will be maintained with adequate brand support. The Group's resources will be allocated to businesses that align with the key business strategies of the Group.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The accompanying unaudited pro forma consolidated statement of financial position of the Group (the "Unaudited Pro Forma Financial Information") has been prepared by the directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the acquisition (the "Acquisition") of approximately 4.80% of the entire issued shares (comprising both H Shares and domestic shares) of Nanjing Sinolife United Company Limited (the "Target Company").

The Unaudited Pro Forma Financial Information has been prepared as if the Acquisition had been completed on 31 March 2017 and is based on the audited consolidated statement of financial position of the Group as at 31 March 2017 as extracted from the published annual report of the Company for the year ended 31 March 2017 after making pro forma adjustments that are (i) directly attributable to the Acquisition and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the directors, and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 March 2017 or any future date.

	The Group as at 31 March 2017	**Pro forma adjustments**	**Pro forma adjustments**	**Pro forma Group as at 31 March 2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	*(Note 2)*	*(Note 3)*	
Non-current assets				
Property, plant and equipment	117,399			117,399
Prepaid lease payments	30,268			30,268
Intangible assets	1,548			1,548
Deposit and prepayments for life insurance policies	4,954			4,954
Deposits for acquisition of property, plant and equipment	2,871			2,871
Available-for-sale investments	408,552	63,576		472,128
	565,592			629,168
Current assets				
Inventories	8,899			8,899
Trade and other receivables	33,562			33,562
Tax refundable	2,983			2,983
Bank balances and cash	288,851	(73,113)	(625)	215,113
	334,295			260,557

	The Group as at 31 March 2017 HK$'000 (Audited) *(Note 1)*	Pro forma adjustments HK$'000 (Unaudited) *(Note 2)*	Pro forma adjustments HK$'000 (Unaudited) *(Note 3)*	Pro forma Group as at 31 March 2017 HK$'000 (Unaudited)
Current liabilities				
Trade and other payables	28,937			28,937
Current tax liabilities	395			395
	29,332			29,332
Net current assets	304,963			231,225
Total assets less current liabilities	870,555			860,393
Capital and reserves				
Share capital	109,012			109,012
Reserves	725,573	(9,537)	(625)	715,411
	834,585			824,423
Non-controlling interests	35,970			35,970
Total equity	870,555			860,393

Notes:

1. The balances are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. Pursuant to the conditional share purchase agreement dated 31 July 2017 (the "Share Purchase Agreement"), the pro forma adjustment represents the payment from the Group with amount of approximately HK$73,113,000 (the "Consideration"), to acquire 45,411,600 H Shares of the Target Company (the "Sale Shares"), representing approximately 4.80% of the entire issued shares of the Target Company (comprising both H Shares and domestic shares). The Consideration of each of the Sale Share is HK$1.61.

   According to the Share Purchase Agreement, the Consideration will be settled in cash and payable in the following manner:

   - HK$2,000,000 should be paid within 5 days from the date of Share Purchase Agreement by way of refundable deposit.

   - The remaining outstanding amount of the Consideration should be payable upon completion.

   Up to the date of the Circular, refundable deposit of HK$2,000,000 has been paid.

As if the Acquisition has been completed as of 31 March 2017, the fair value of the 4.80% of issued shares of the Target Company amounted to approximately HK$63,576,000 based on the closing price of HK$1.40 per Sale Share as at 31 March 2017. Upon completion, the Sale Shares will be classified as available-for-sale investments in the accounts of the Group. The difference of approximately HK$9,537,000 between the Consideration and the fair value as at 31 March 2017 was recognised as a loss in profit or loss.

Since the Unaudited Pro Forma Financial Information is prepared solely for illustrative purpose, the directors of the Company will reassess the fair value of the Sale Shares on the completion date of the Acquisition. The fair value of the Sale Shares may be subject to change after further assessment by the directors as at the completion date. By reference to the closing price per Sale Share of the Target Company as at 19 September 2017 (the "Latest Practicable Date"), which was HK$1.39, the fair value of the Sale Shares amounted to approximately HK$63,122,000. Assuming the completion of the Acquisition had taken place on the Latest Practicable Date, the difference of approximately HK$9,991,000 between the Consideration and the fair value on the completion date of the Acquisition will be recognised as a loss in profit or loss.

The directors confirm that in subsequent reporting periods, the directors of the Company would perform the impairment test, which will apply consistent accounting policies to assess impairment of available-for-sale investment. According to the Group's accounting policy, after initial recognition, available-for-sale investments should be subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the investments revaluation reserve to profit or loss. Interest and dividends earned whilst holding the available-for-sale investments are reported as interest income and dividend income, respectively and are recognised in profit or loss.

3. The pro forma adjustment represents the estimated transaction costs of approximately HK$625,000 to be incurred directly in connection with the Acquisition, which was recognised in the retained profits as available-for-sale investments are stated at fair value as at 31 March 2017.

4. The Unaudited Pro Forma Financial Information does not take account of any trading results or other transactions of the Group subsequent to 31 March 2017.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF HIN SANG GROUP (INTERNATIONAL) HOLDING CO. LTD.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hin Sang Group (International) Holding Co. Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2017 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 41 to 43 of the circular issued by the Company dated 22 September 2017 (the "Circular"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 41 to 43 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 March 2017 as if the transaction had taken place at 31 March 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 March 2017, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 22 September 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Pang Siu Hin	Beneficial owner	5,665,000	0.52%
	Interest of spouse *(Note 1)*	3,425,000	0.31%
	Interest of a controlled corporation and family interest *(Note 2)*	554,242,000	50.90%
Ms. Kwan Lai Man	Beneficial owner	3,425,000	0.31%
	Interest of spouse *(Note 1)*	5,665,000	0.52%
	Interest of a controlled corporation and family interest *(Note 2)*	554,242,000	50.90%

Note 1: Mr. Pang Siu Hin and Ms. Kwan Lai Man are married couple. Each of Mr. Pang Siu Hin and Ms. Kwan Lai Man is therefore deemed to be interested in the underlying Shares held by each other.

Note 2: Genwealth Group Holding Company Limited ("Genwealth") is beneficially owned as to 90% by Mr. Pang Siu Hin and 10% by Ms. Kwan Lai Man. Accordingly, Mr. Pang Siu Hin is deemed to be interested in the 554,242,000 Shares held by Genwealth under the SFO. Ms. Kwan Lai Man, being the spouse of Mr. Pang Siu Hin, is deemed to be interested in all the Shares that Mr. Pang Siu Hin is interested in.

(b) Long position in the underlying shares of the Company

Name of Director	Capacity	Number of options held	Number of underlying shares
Mr. Pang Siu Hin	Beneficial owner	9,765,000	9,765,000
	Interest of spouse *(Note)*	6,405,000	6,405,000
		16,170,000	16,170,000
Ms. Kwan Lai Man	Beneficial owner	6,405,000	6,405,000
	Interest of spouse *(Note)*	9,765,000	9,765,000
		16,170,000	16,170,000

Note: Mr. Pang Siu Hin and Ms. Kwan Lai Man are married couple. Each of Mr. Pang Siu Hin and Ms. Kwan Lai Man is therefore deemed to be interested in the underlying Shares held by each other.

(c) Long position in Genwealth, an associated corporation of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of shareholding
Mr. Pang Siu Hin	Beneficial owner	9,000	90%
Ms. Kwan Lai Man	Beneficial owner	1,000	10%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests

As at the Latest Practicable Date, so far as it is known to the Directors, the following persons, not being a Director or chief executive of the Company, will have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in Shares

Name	Capacity	Number of Shares	Approximate percentage of interests
Genwealth	Beneficial owner	554,242,000	50.90%
Viewforth Limited	Beneficial owner *(Note)*	250,000,000	22.96%
Fullshare Holdings Limited	Interest in a corporation *(Note)*	250,000,000	22.96%
Magnolia Wealth International Limited	Interest in a corporation *(Note)*	250,000,000	22.96%
Ji Changqun	Interest in a corporation *(Note)*	250,000,000	22.96%

Note: The 250,000,000 Shares are held by Viewforth Limited, a company which is wholly-owned by Fullshare Holdings Limited, which in turn is owned as to 46.58% by Magnolia Wealth International Limited, which in turn is wholly-owned by Ji Changqun. Ji Changqun also directly owns 4.78% of Fullshare Holdings Limited.

Save as disclosed above, so far as it is known to the Directors, there was no other person (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets, which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 March 2017, being the date to which the latest published audited consolidated accounts of the Company were made up.

7. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into the ordinary course of business, have been entered into by the Company and/or members of the Group and are or may be material:–

1. The project investment agreement dated 21 June 2017 entered into between the Company with 廣東省雲浮市雲城區人民政府 (Yuncheng District Municipal Government, Yunfu City, Guangdong Province) in relation to the proposed development of a production plant (the "**Production Plant**") for health supplements targeting the infants and children market in, Yuncheng District, Yunfu City, Guangdong Province, the PRC as disclosed in the announcement of the Company dated 21 June 2017.

2. The investment cooperation agreements dated 8 June 2017 entered into between Hin Feng Investment (Nanjing) Co., Ltd. ("**Hin Feng**"), an indirect partially-owned subsidiary of the Company with Nanjing Fullshare Health Institute in relation to the formation of two joint ventures to engage in the establishment and operation of two Chinese medical clinics in Nanjing, the PRC with Hin Feng contributing RMB28,000,000 representing 70% of the total capital contribution and Nanjing Fullshare Health Institute contributing RMB12,000,000 representing 30% of the total capital contribution as disclosed in the announcement of the Company dated 8 June 2017.

3. The project co-operation agreement dated 21 March 2017 entered into between Hin Feng Investment (Nanjing) Co., Ltd. ("**Hin Feng**"), an 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), a wholly owned subsidiary of Wanxiang Group Co., Ltd. (萬祥集團股份有限公司) 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) as disclosed in the announcement of the Company dated 21 March 2017.

4. The cooperative agreement dated 28 November 2016 entered into between Hin Feng Investment (Nanjing) Co., Ltd., an indirect partially-owned subsidiary of the Company and Quanzhou City Kung Fu Animation Design Co., Ltd. (泉州市功夫動漫設計有限公司) to jointly establish a joint venture company which will be engaging in animation creation and commercial operation project, which is proposed to conduct the production and distribution of an animation programme with working title of "Hin Sang Herbal Family" (《衍生草本家族》) as disclosed in the announcement of the Company dated 1 December 2016.

5. The facility letter dated 18 October 2016 entered into between the Company and BP Finance (HK) Limited (the "**Borrower**"), a limited liability company incorporated in Hong Kong and a licensed money lender in Hong Kong under the Money Lenders Ordinance, pursuant to which the Company agreed to grant the Borrower a loan in the principal amount of HK$75,000,000, bearing interest at a rate of 4.8% per annum for a period of 45 days as disclosed in the announcement of the Company dated 18 October 2016.

8. EXPERTS' QUALIFICATIONS AND CONSENT

The following are the qualifications of the experts who have been named in this circular or have given their opinion or advice which is contained in this circular:

Name	Qualification
Central China	A licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

Each of Central China and HLB Hodgson Impey Cheng Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their letter and report (as the case may be) and references to their names, in the form and context in which they appear.

As at the Latest Practicable Date, each of Central China and HLB Hodgson Impey Cheng Limited:

(i) was not beneficially interested in the share capital of any member of the Group;

(ii) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(iii) did not have any interest, either directly or indirectly, in any asset which had been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 1213-1215, 12/F, Seapower Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong, up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the material contracts as disclosed in paragraph 7 of appendix III of this circular;

(c) the annual reports of the Company for the year ended 31 March 2016 and 31 March 2017;

(d) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular;

(e) the letter of advice from Central China, the text of which is set out on pages 17 to 37 of this circular;

(f) the unaudited pro forma financial information of the Group as at 31 March 2017;

(g) the written consent referred to in the paragraph headed "Experts' qualifications and consents" in this appendix;

(h) the Share Purchase Agreement; and

(i) this circular.

10. GENERAL

(a) The company secretary of the Company is Ms. Polien Kho. Ms. Kho is an associate member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators respectively.

(b) The registered office of the Company is at Estera Trust (Cayman) Limited Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Hin Sang Group (International) Holding Co. Ltd. (the "**Company**") will be held at Unit 1213-1215, 12/F, Seapower Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on 16 October 2017 (Monday) at 10:00 a.m. (the "**EGM**"), consider and, if thought fit, transact the following business:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the conditional share purchase agreement dated 31 July 2017 (the "**Share Purchase Agreement**") into between the Company as the purchaser, Five Seasons XIV Limited as the vendor and Fullshare Holdings Limited as the warrantor in relation to the acquisition of 45,411,600 H shares in the issued share capital of the Nanjing Sinolife United Company Limited, at the consideration of HK$73,112,676, and any transactions contemplated thereunder, be and are hereby approved, ratified and confirmed;

   (b) any one director of the Company be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Share Purchase Agreement and any transactions contemplated thereunder, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such director, in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 22 September 2017

Registered office:
Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Headquarter and principal place of business in Hong Kong:
Unit 1213-1215, 12/F, Seapower Tower,
Concordia Plaza, 1 Science Museum Road,
Tsim Sha Tsui,
Kowloon,
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the EGM. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present.

3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

4. For the purposes of holding the EGM, the register of members of the Company will be closed from Wednesday, 11 October 2017 to Monday, 16 October 2017 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Monday, 16 October 2017. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 10 October 2017.