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衍生集團(國際)控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6893)

CONNECTED TRANSACTION

ACQUISITION OF 32% INTEREST IN HIN FAI INTERNATIONAL HOLDING COMPANY LIMITED

THE ACQUISITION

On 26 June 2019, the Vendor and the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement in relation to the Acquisition, pursuant to which it was agreed that the Purchaser shall acquire the Sale Shares from the Vendor at a consideration of HK\$4,318,727.

Upon Completion, the Company will indirectly hold the entire equity interest in Hin Fai.

LISTING RULE IMPLICATIONS

Hin Fai is a subsidiary of the Company. Prior to the Acquisition, Hin Fai was owned as to 68% and 32% by the Purchaser and the Vendor, respectively. The Vendor was a substantial shareholder of Hin Fai and was therefore a connected person of the Company at subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 26 June 2019, the Vendor and the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement in relation to the Acquisition, pursuant to which it was agreed that the Purchaser shall acquire the Sale Shares from the Vendor at a consideration of HK\$4,318,727.

THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are set out below:

Date	26 June 2019
Parties	(i) the Vendor; and (ii) the Purchaser
Interest to be acquired	The Vendor has agreed to sell, and the Purchaser has agreed to acquire from the Vendor, the Sale Shares for the Consideration. Upon Completion, Hin Fai will become an indirect wholly-owned subsidiary of the Company.
Consideration	<p>The aggregate consideration for the Sale Shares is HK\$4,318,727, to be paid in cash in full by the Purchaser upon Completion. The Consideration will be funded by the Group's own financial resources.</p> <p>The original cost of investment by the Vendor in Hin Fai is HK\$3,200,000.</p> <p>The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the Vendor's interest in Hin Fai's share capital and the retained profits of Hin Fai up to 31 May 2019.</p>
Completion	Completion shall take place simultaneously with the signing of the Share Purchase Agreement by the Vendor and the Purchaser.

INFORMATION OF HIN FAI

Prior to the Acquisition, Hin Fai was owned as to 68% and 32% by the Purchaser and the Vendor, respectively. It is principally engaged in the online sales of products developed by the Group.

Set out below is the audited financial information of Hin Fai for the two years ended 31 March 2017 and 2018:

	For the year ended 31 March	
	2017	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit/(loss) before taxation	(267)	2,299
Net profit/(loss) after taxation	(123,026)	1,574

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Company will indirectly hold the entire equity interest in Hin Fai. Since its establishment, the financial results of Hin Fai has been consolidated into the consolidated financial statements of the Group. The Acquisition is therefore not expected to have a material financial effect on the Group.

INFORMATION OF THE PARTIES

The Vendor

The Vendor is a PRC businessman.

The Purchaser

The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

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. To align with customers’ trend, the Group continues to expand its e-commerce business through electronic platforms. To leverage on existing resources to increase profit, the Group also looks for suitable brands as agency. It is also developing its business in mother-infant Chinese medical healthcare as well as diagnosis and treatment services projects.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The acquisition of the remaining equity interest of Hin Fai by the Company would take advantage of facilitating the cross-border development and pave the way for expanding international e-commerce.

The Directors (including the independent non-executive Directors) consider that the Share Purchase Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company, its terms are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

No Director has a material interest in the Acquisition and hence no Director has abstained from voting on the board resolution approving the Share Purchase Agreement and the Acquisition.

LISTING RULES IMPLICATIONS

Hin Fai is a subsidiary of the Company. Prior to the Acquisition, Hin Fai was owned as to 68% and 32% by the Purchaser and the Vendor, respectively. The Vendor was a substantial shareholder of Hin Fai and was therefore a connected person of the Company at subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition” the acquisition of the Sale Shares by the Purchaser at the Consideration pursuant to the terms and conditions of the Share Purchase Agreement

“Board” the board of Directors

“Company”	Hing 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”	completion of the Acquisition under the Share Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$4,318,727
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hin Fai”	Hin Fai International Holding Company Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the 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
“Purchaser”	Hin Sang Group Holding Limited
“Sale Shares”	32,000,000 shares of Hin Fai, representing 32% of its entire issued share capital
“Shareholder(s)”	the shareholder(s) of the Company

“Share Purchase Agreement”	the share purchase agreement dated 26 June 2019 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Zhou Lu Di
“%”	per cent

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

Hong Kong, 26 June 2019

As at the date of this announcement, the executive Directors are Mr. Pang Siu Hin and Ms. Kwan Lai Man, the non-executive Directors are Ms. Wong Wai Ling and Mr. Yuen Chi Ping, and the independent non-executive Directors are Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny.