

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this announcement.

Not for release, publication or distribution in whole or in part in or into the United States, Canada, Japan, Australia or any jurisdictions where to do so would constitute violation of the relevant laws of such jurisdictions.

This announcement is not an offer to sell or the solicitation of an offer to buy any securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration, and the securities described herein are not being registered, offered or sold in the United States, Canada or Japan.



恒安國際集團有限公司*

HENGAN INTERNATIONAL GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1044)

Websites: <http://www.hengan.com>

<http://www.irasia.com/listco/hk/hengan>

PROPOSED ISSUE OF HK\$5,434 MILLION ZERO COUPON CONVERTIBLE BONDS DUE 2018

The Company has entered into the Subscription Agreement dated 20 May, 2013 with the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers in connection with the issue by the Company of the Convertible Bonds with an aggregate principal amount of HK\$5,434 million. The Convertible Bonds are convertible into ordinary shares of HK\$0.10 each in the share capital of the Company.

It is intended that the Convertible Bonds will be listed on the Singapore Stock Exchange. An application will be made to the Singapore Stock Exchange for the listing of the Convertible Bonds. The Company will apply to the Hong Kong Stock Exchange for the listings of, and permission to deal in the Shares to be issued and allotted upon conversion of the Convertible Bonds.

The estimated net proceeds of the Convertible Bond issue after deduction of commission and administrative expenses are approximately HK\$5,318 million. The Directors intend that the net proceeds will be applied to finance capital expenditure of the Group, refinance a portion of the Group's bank borrowings and for working capital and general corporate purposes.

The Company has amongst other things undertaken that neither it nor any of its subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, for a period from the date of the Subscription Agreement up to 90 days after the Closing Date, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise), save for Shares issued pursuant to the conversion provisions of the Convertible Bonds or the exercise of any Employees Share Options.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the condition precedent therein. In particular, completion of the offering is conditional upon, amongst other things, the Company and/or its subsidiaries obtaining the necessary consents, waivers and/or amendments from the lenders of such loan facilities or repaying such loan facilities (where the terms allow early repayment). In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “Termination” below for further information. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

Subscription Agreement

Date: 20 May, 2013

Parties: (1) The Company as issuer
(2) The Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers

So far as the Directors are aware, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers are all independent third parties not connected with the Company, its Directors, chief executive or substantial shareholder and its subsidiaries and any of their respective associates (as “associate” is defined in the Listing Rules)

Subject to the fulfilment of the conditions set out below under the section headed “Conditions of the Subscription Agreement”, the Joint Lead Managers have agreed, inter alia, to subscribe, and pay for, the Convertible Bonds with an aggregate principal amount of HK\$5,434 million.

The Convertible Bonds will be offered outside the United States to professional investors and are being placed with professional investors. None of the Convertible Bonds will be offered to the public in Hong Kong. As far as the Company is aware, the Convertible Bonds have been placed to more than six independent third parties who are not connected with the Company, its directors, chief executive or substantial shareholder and its subsidiaries and any of their respective associates (as “associate” is defined in the Listing Rules). The Convertible Bonds will not be offered in the United States, Canada or Japan.

Undertakings

The Company has amongst other things undertaken that neither it nor any of its subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its or their behalf will, for a period from the date of the Subscription Agreement up to 90 days after the Closing Date, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise) save for Shares issued pursuant to the conversion provisions of the Convertible Bonds or the exercise of any Employees Share Options.

Each of Mr. Sze and Mr. Hui has undertaken not to sell any Shares or enter into other transactions with a similar effect as described in the Subscription Agreement for a period from the date of the Subscription Agreement up to 90 days after the Closing Date.

The Company has undertaken with the Joint Lead Managers:

1. to prepay and repay certain existing outstanding loans (together with all interests accrued to the end of the relevant interest periods) under existing loan facilities of the Group and (if necessary) to obtain consents from relevant banks or financial institutions for the prepayment in form and substance satisfactory to the Joint Global Coordinators; or
2. to the extent feasible to do so and provided that the Joint Lead Managers acknowledge that it is not a requirement of the Joint Lead Managers that the Company or the relevant member of the Group shall prepay the relevant indebtedness in full on or before the Closing Date, to obtain consents, waivers and/or amendments or variations of terms from certain banks or financial institutions as is necessary to avoid any breach or potential breach of any provision of the loan facilities,

and make or put in place such arrangements as agreed with, and satisfactory to the Joint Global Coordinators so that the issue of the Convertible Bonds will not result in any default under such bilateral credit facilities.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon, amongst other things:

1. the Joint Global Coordinators having been satisfied with the results of their due diligence investigations on the Group for the purposes of the preparation of the offering circular to be published in connection with the issue of the Convertible Bonds, and the offering circular having been prepared in form and content satisfactory to the Joint Global Coordinators;

2. the execution of a trust deed constituting the Convertible Bonds and incorporating the terms and conditions of the Convertible Bonds and a paying and conversion agency agreement, each in a form reasonably satisfactory to the Joint Global Coordinators, on or prior to the Closing Date;
3. the Singapore Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Global Coordinators, to list the Convertible Bonds and the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Global Coordinators to list the new Shares upon conversion of the Convertible Bonds (or, in each case, the Joint Global Coordinators being reasonably satisfied that such listing will be granted);
4. upon the publication date of the offering circular and on the Closing Date, there shall have been delivered to the Joint Lead Managers comfort letters, dated the publication date of the offering circular in the case of the first letter and dated the Closing Date in the case of subsequent letters, from the auditors of the Company, in form and substance satisfactory to the Joint Global Coordinators;
5. on or prior to the Closing Date, there shall have been delivered to the Joint Lead Managers, each in form and substance satisfactory to the Joint Global Coordinators, legal opinions, dated the Closing Date, of the legal advisers to the Company as to Cayman Islands law, the legal advisers to the Company as to PRC law and the legal advisers to the Joint Lead Managers as to English laws and such other resolutions, consents, authorities and documents relating to the issue of the Convertible Bonds, as the Joint Global Coordinators may reasonably require;
6. at the Closing Date (i) the representations and warranties of the Company in the Subscription Agreement shall be true, accurate and correct in all respects at, and as if made on such date; (ii) the Company shall have performed all of its obligations under the Subscription Agreement expressed to be performed on or before such date; and (iii) there shall have been delivered to the Joint Lead Managers a certificate in respect of (i) and (ii), dated as of such date, of a duly authorised officer of the Company to such effect; and
7. on or prior to the Closing Date, there shall have been delivered to the Joint Lead Managers (i) a certificate of no default under the terms of any contracts, dated the Closing Date, of a duly authorised officer of the Company; (ii) copies of any prepayment notices delivered by the Company and any consents, waivers and/or amendments or variations of terms obtained in fulfilment of its obligations on (as the case may be) (1) repaying certain existing loan facilities of the Group or (2) avoiding any breach or potential breach of any provisions of certain existing loan facilities of the Group on or before Closing Date (if any) and such notices, consents, waivers and/or amendments or variation of the terms to be in full force and effect as of the Closing Date (and any conditions applicable to notices, consents, waivers and/or amendments or variations have been satisfied in full in so far as such conditions are required to be satisfied on or before the Closing Day); and (iii) evidence in form and substance satisfactory to the Joint Global Coordinators of any prepayment effected by, or having put in place an arrangement for effecting such prepayment by, the Company in fulfilment of its obligations in respect of repaying certain existing loan facilities of the Group as mentioned in (ii) above.

The Joint Global Coordinators may, at their discretion and upon such terms as they think fit, waive compliance with all or any of the above conditions, except for conditions (2) and (3) above. Upon issuance of the Convertible Bonds, the Company and/or its subsidiaries may potentially breach certain financial ratios contained in some of their existing offshore bilateral loan facilities. Completion of the offering is conditional upon, amongst other things, the Company and/or its subsidiaries obtaining the necessary consents, waivers and/or amendments from the lenders of such loan facilities or repaying such loan facilities (where the terms allow early repayment). As of the date hereof, the aggregate amount of such loan facilities which require consents, waivers and/or amendments or repayment prior to the Closing Date is approximately HK\$3.7 billion and such loan facilities involve 11 different lenders. There can be no assurance that the Company and/or its subsidiaries will be able to obtain the necessary consents, waivers and/or amendments or repay such loan facilities in time or at all. **If the Company and/or its subsidiaries cannot obtain the necessary consents, waivers and/or amendments or repay such loan facilities on or prior to the Closing Date, then the offering will not proceed to closing.**

The Joint Lead Managers may exercise its discretion not to close the transaction for reasons set forth in the Subscription Agreement (including the failure by the Company to deliver (i) copies of consents and waivers from or on behalf of lenders of certain banking facilities entered into by certain members of the Group or (ii) evidence of prepayment of such banking facilities where the terms of the facilities allow prepayment) in relation to the offer.

Termination

The Subscription Agreement may be terminated in certain circumstances. In particular, the Joint Global Coordinators may terminate the Subscription Agreement, by joint notice in writing to the Company, at any time on or prior to the payment of the net subscription monies for the Convertible Bonds:

- A. if there shall have come to the notice of the Joint Global Coordinators any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure by the Company to perform any of its undertakings or agreements in the Subscription Agreement;
- B. if any of the conditions of the Subscription Agreement has not been satisfied or waived by the Joint Global Coordinators jointly on or prior to the Closing Date;
- C. if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls which would in the Joint Global Coordinators' joint view be likely to prejudice materially the success of the offering or the distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- D. if there shall have occurred a general moratorium on commercial banking activities in the PRC or the United Kingdom or the United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities which would in the Joint Global Coordinators' joint view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;

- E. if there shall have occurred an outbreak or escalation of hostilities or act of terrorism which would in the Joint Global Coordinators' joint view be likely to prejudice materially the success of the offering or the distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market; or
- F. if on or after the date of the Subscription Agreement there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on, the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange or the Singapore Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Hong Kong Stock Exchange, which would in the Joint Global Coordinators' joint view be likely to prejudice materially the success of the offering or the distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market.

Subject to the foregoing, the Convertible Bonds of the aggregate principal amount of HK\$5,434 million are expected to be issued on the Closing Date.

At a Conversion Price of HK\$120.0825 per Share, the aggregate principal amount of the Convertible Bonds of HK\$5,434 million will be convertible into approximately 45,252,222 new Shares, representing approximately 3.67% of the existing issued share capital and 3.545% of the issued share capital as enlarged by the Shares to be issued upon conversion of the Convertible Bonds, but without taking into account Shares which may be issued upon exercise of any Employees Share Options. The aggregate nominal value of the Shares to be allotted and issued upon the full conversion of the Convertible Bonds at the initial Conversion Price of HK\$120.0825 is approximately HK\$4,525,222.2.

As of the date of this announcement, there are 14,496,000 outstanding Employees Share Options.

The Conversion Price at HK\$120.0825 per Share represents a premium of 35% to the closing price of the Shares of HK\$88.95 on 20 May, 2013 (the "**Last Trading Day**"), which being date of the Subscription Agreement and a premium of 39.6% to HK\$86 being the average of the closing prices of the Shares for the five trading days immediately prior to the Last Trading Day. The initial conversion price of HK\$120.0825 was determined between the Company and the Joint Lead Managers with reference to the market conditions and the historical trading prices of the Shares.

The Shares issuable upon conversion of the Convertible Bonds will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 22 May, 2012, which permits the issue and allotment of up to 245,803,544 Shares subject to the terms of such general mandate. No Shares have been issued under the general mandate since the date of grant of such general mandate as of the date of this announcement. Accordingly, the Company is permitted to issue up to 245,803,544 Shares during the subsistence of the general mandate. Accordingly, no shareholders' approval is required for the issue and allotment of the Shares issuable upon conversion of the Convertible Bonds.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds, which will be constituted by a trust deed to be entered into between the Company and a trustee to be appointed are summarised as follows:

Principal Amount

The aggregate principal amount of the Convertible Bonds will be HK\$5,434 million

Issue Price

100% of the principal amount of the Convertible Bonds.

Redemption Price at Maturity

110.46% of the principal amount of the Convertible Bonds, representing a gross yield of 2% per annum, calculated on a semi-annual basis.

Interest

Save for default interest at the rate of 5% per annum, the Convertible Bonds will carry no interest.

Conversion Price

The Convertible Bonds will be convertible into Shares at an initial conversion price of HK\$120.0825 per Share.

The Conversion Price is subject to adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than 95% of the then current market price, rights issues of other securities, issues at less than 95% of the then current market price, other issues at less than 95% of the then current market price, modification of rights of conversion where the consideration per Share is less than 95% of the then current market price, other offers to Shareholders and other dilutive events. The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, that new Shares would fall to be issued at a discount to their nominal value or would require shares to be issued in any other circumstances not permitted by applicable law.

Conversion Upon Change of Control

If a Change of Control shall have occurred and a holder of the Convertible Bonds has exercised the right to convert the Convertible Bonds into Shares such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which notice of the Change of Control is given to holders of the Convertible Bonds (such period, the "Change of Control Conversion Period"), the Conversion Price will be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

Where:

NCP is the Conversion Price after such adjustment

OCP is the Conversion Price in force immediately before such adjustment

CP is the Conversion premium, being 35 per cent. expressed as a fraction

c is the number of days from and including the first day of the Change of Control Conversion Period to but excluding 27 June 2018

t is the number of days from and including 27 June 2013 to but excluding 27 June 2018

provided that the Conversion Price shall not be reduced below the level permitted by applicable laws and regulations from time to time (if any).

A Change of Control event occurs if, among other things, any Person or Persons acting together (other than any Controlling Shareholders (as defined in the Listing Rules) of the Company) acquires Control of the Company.

Conversion Rights

Holders of the Convertible Bonds will have the right at any time on or after 41st day after the Closing Date, up to the close of business on seven days prior to the Maturity Date or if such Convertible Bonds shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof to convert the Convertible Bonds into Shares at the Conversion Price, subject to adjustment. Conversion of the Convertible Bonds by persons other than residents of Hong Kong may be subject to certain restrictions under local laws.

Shares issued on conversion will rank pari passu in all respects with the Shares in issue as at the date on which holder(s) of the relevant Convertible Bonds is or are registered as member(s) of the Company and will entitle the holders thereof to receive all future dividends and distributions which are declared, made or paid after the date of allotment of such Shares.

Term of Convertible Bonds

Five years; due 2018.

Transfer

The Convertible Bonds will be transferable without restrictions.

The Company will inform the Hong Kong Stock Exchange as soon as it receives notice that the Convertible Bonds are placed or transferred to connected persons of the Company (as “connected person” is defined in the Listing Rules).

Redemption

Unless previously redeemed, purchased and cancelled or converted, the Convertible Bonds will be redeemed at 110.46% of their principal amount in Hong Kong dollars on the Maturity Date, which is expected to give a gross yield of approximately 2% per annum calculated on a semi-annual basis, from the Closing Date to the Maturity Date.

Redemption Option

On the Put Option Date, holders of the Convertible Bonds will have the right at their option, to require the Company to redeem all or some only of the Convertible Bonds at 106.15% of the principal amount of the Convertible Bonds being redeemed.

Upon the occurrence of (1) a Change of Control or (2) the Shares being ceased to be listed or admitted to trading or suspended for a period of equal to or exceeding 30 consecutive trading days on the Hong Kong Stock Exchange, the holder of each Convertible Bond will have the right at such holder’s option, to require the Company to redeem all or some only of the Convertible Bonds at the Early Redemption Amount.

Redemption at the Option of the Company

On or at any time after 27 June 2016 and prior to the Maturity Date, the Company may redeem all and not some only of the Convertible Bonds at a redemption price equal to the Early Redemption Amount on the redemption date. No such redemption may be made unless (i) the closing price of the Shares for each of the 30 consecutive trading days, the last which falls within five trading days prior to the date upon which notice of such redemption is given was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio then in effect or (ii) at least 90% in principal amount of the Convertible Bonds originally issued (which shall for this purpose include any further convertible bonds, having the same terms and conditions as the Convertible Bonds in all respects and so that such further issue will be consolidated and form a single series with the Convertible Bonds, to be issued by the Company) has already been converted, redeemed or purchased and cancelled.

The “Early Redemption Amount” of a Convertible Bond, for each HK\$1,000,000 principal amount of the Convertible Bonds, is determined so that it represents for the holder a gross yield of 2% per annum, calculated on a semi-annual basis.

Form of the Convertible Bonds

The Convertible Bonds will be in registered form only and in denominations of HK\$2,000,000 each and integral multiples of HK\$1,000,000 thereof.

Ranking of the Convertible Bonds

The Convertible Bonds will rank as direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all times rank pari passu and without any preference or priority among themselves.

Listing

It is intended that the Convertible Bonds will be listed on the Singapore Stock Exchange. An application will be made to the Singapore Stock Exchange for the listing of the Convertible Bonds. The Company will apply to the Hong Kong Stock Exchange for the listings of, and permission to deal in, the Shares to be issued upon conversion of the Convertible Bonds.

CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF CONVERSION

The following table illustrates the change of shareholding structure of the Company as a result of the full conversion of the Convertible Bonds (assuming the total number of Shares in issue remains unchanged from the date hereof):

Name of Shareholder	As at the date of the Subscription Agreement		Assuming the Convertible Bonds are fully converted to Shares at the initial Conversion Price of HK\$120.0825 per Share	
	No. of Shares held or interested in	Approximate % relative to the total issued share capital of the Company	No. of Shares held or interested in	Approximate % relative to the total issued share capital of the Company
<i>Directors and non-public shareholders</i>				
Mr. Sze Man Bok (Note 1)	228,804,599	18.581%	228,804,599	17.922%
Mr. Hui Lin Chit (Note 2)	224,669,751	18.245%	224,669,751	17.599%
Mr. Hung Ching Shan (Note 3)	7,000,000	0.568%	7,000,000	0.548%
Mr. Xu Shui Shen (Note 4)	33,030	0.003%	33,030	0.003%
Mr. Xu Da Zuo (Note 5&7)	19,777,321	1.606%	19,777,321	1.549%
Mr. Xu Chun Man (Note 6&7)	15,867,445	1.289%	15,867,445	1.243%
Mr. Sze Wong Kim	151,700	0.012%	151,700	0.012%
Mr. Hui Ching Chi	40,000	0.003%	40,000	0.003%
Mr. Loo Hong Shing Vincent	125,000	0.010%	125,000	0.010%
Holder of the Shares issued under the Convertible Bonds	Nil	0.000%	45,252,222	3.545%
Other public Shareholders	734,915,875	59.683%	734,915,875	57.566%
Total	<u>1,231,384,721</u>	<u>100%</u>	<u>1,276,636,943</u>	<u>100%</u>

Notes:

- (1) Out of the 228,804,599 ordinary shares, Tin Lee Investments Limited (“Tin Lee”) holds 228,228,999 ordinary shares while Mr. Sze Man Bok has personal interests in 575,600 ordinary shares in the Company. Tin Lee is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of Tin Wing Holdings Limited (“Tin Wing”). Tin Wing is a company incorporated in the Bahamas and owned by Seletar Limited and Serangoon Limited as nominee in trust for Credit Suisse Trust Limited (“Credit Suisse”), the trustee of the Sze’s Family Trust. Mr. Sze Man Bok is the settlor and beneficiary of the Sze’s Family Trust.
- (2) An Ping Holdings Limited holds 224,669,751 shares in the Company. It is a company incorporated in the Bahamas and is a wholly owned subsidiary of An Ping Investments Limited (“An Ping Investments”). An Ping Investments is a company incorporated in the Bahamas and owned by Seletar Limited and Serangoon Limited as nominee in trust for Credit Suisse, the trustee of the Hui Family Trust. Mr. Hui Lin Chit is the settlor and beneficiary of the Hui Family Trust.
- (3) Wan Li Company Limited holds 7,000,000 shares in the Company. It is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of Manley Investments Limited (“Manley”). Manley is a company incorporated in the Bahamas and owned by Seletar Limited and Serangoon Limited as nominee in trust for Credit Suisse, the trustee of the Wan Li Trust. Mr. Hung Ching Shan is the settlor and beneficiary of the Wan Li Trust.
- (4) These are family interests, the shares of which are held by Mr. Xu Shui Shen’s spouse.
- (5) Out of the 19,777,321 ordinary shares, Skyful Holdings Limited holds 17,270,000 shares in the Company. It is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of Charter Towers Limited (“Charter Towers”). Charter Towers is a company incorporated in the Bahamas and owned by Seletar Limited and Serangoon Limited as nominee in trust for Credit Suisse, the trustee of the Xu Family Trust. Mr. Xu Da Zuo is the settlor and beneficiary of the Xu Family Trust. The remaining 2,507,321 shares are held by Hengan International Investments Limited (“HIIL”).
- (6) Out of the 15,867,445 ordinary shares, Zhong Shen Investment Holdings Limited holds 11,700,000 shares in the Company. It is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of Zhong Shen Holdings Limited (“Zhong Shen”). Zhong Shen is a company incorporated in the British Virgin Islands and owned by HSBC International Trustee Limited as nominee and being the trustee of Zhong Shen Trust. Mr. Xu Chun Man is the settlor and beneficiary of Zhong Shen Trust. The remaining 4,167,445 shares are held by HIIL.
- (7) These interests were held by HIIL, a nominee company holding shares of the Company on behalf of certain Directors and senior management of the Group and their family members.

REASONS FOR AND BENEFITS OF THE CONVERTIBLE BOND ISSUE

The Convertible Bond Issue will, upon completion, raise funds for the Company of an aggregate gross sum of approximately HK\$5,434 million. The estimated net proceeds of the Convertible Bond Issue after deduction of commission and administrative expenses are approximately HK\$5,318 million.

The Directors intend that the net proceeds will be applied to finance capital expenditure of the Group, refinance a portion of the Group’s bank borrowings and for working capital and general corporate purposes but they may review and vary the purpose for which the proceeds are used in light of what they consider to be the optimal use of proceeds from time to time. Further announcement will be made if necessary. This will also improve the liquidity position of the Group as well as potentially enhance the equity base and reduce the financing costs of the Group.

The Company has not carried out any fund raising activities involving issue of equity securities in the last 12 months immediately prior to the date of this announcement.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing, distribution and sale of personal hygiene products comprising sanitary napkins, disposable diapers, tissue paper products and skincare and cleansing products, mainly in the PRC.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the condition precedent therein. In particular, completion of the offering is conditional upon, amongst other things, the Company and/or its subsidiaries obtaining the necessary consents, waivers and/or amendments from the lenders of such loan facilities or repaying such loan facilities (where the terms allow early repayment). In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “Termination” above for further information. Shareholders and investors should exercise caution in dealing in the securities in the Company.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following terms have the meanings set opposite them:

“Board”	the board of Directors
“Change of Control”	occurs when: <ul style="list-style-type: none">(i) any Person or Persons acting together (other than the Controlling Shareholders (as defined in the Listing Rules) as at the Closing Date) acquires Control of the Company;(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity; or(iii) one or more Persons (other than any Person referred to in subparagraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the Company’s issued share capital.
“Closing Date”	the date (expected to be on or around 27 June, 2013) on which the Convertible Bonds are issued
“Company”	Hengan International Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange

“Control”	the acquisition, beneficial ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Company or right to appoint and/or remove all or the majority of the members of the Company’s Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Conversion Price”	the price per Share at which the Convertible Bonds may be converted into Shares
“Conversion Ratio”	the principal amount of each Convertible Bond divided by the applicable Conversion Price
“Convertible Bond Issue”	the subscription and issue of the Convertible Bonds with an initial aggregate principal amount of HK\$5,434 million
“Convertible Bonds”	the convertible bonds of an aggregate maximum principal amount of HK\$5,434 million, to be subscribed by the Joint Lead Managers
“Deutsche Bank”	Deutsche Bank AG, Hong Kong Branch
“Directors”	directors of the Company
“Early Redemption Amount”	in relation to a Convertible Bond, means the accreted value of that bond up to the date of redemption
“Employees Share Options”	any share options granted pursuant to the Share Option Schemes of the Company, respectively, adopted on 2 May 2003 and on 26 May 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“J.P. Morgan”	J.P. Morgan Securities plc
“Joint Bookrunners”	The joint bookrunners in respect of the offer and sale of the Convertible Bonds, namely, Deutsche Bank, J.P. Morgan, HSBC and UBS

“Joint Global Coordinators”	the joint global coordinators in respect of the offer and sale of the Convertible Bonds, namely, Deutsche Bank and J.P. Morgan
“Joint Lead Managers”	the joint lead managers in respect of the offer and sale of the Convertible Bonds, namely Deutsche Bank, J.P. Morgan, HSBC, Nomura and UBS
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Nomura”	Nomura International (Hong Kong) Limited
“Maturity Date”	the fifth anniversary of the Closing Date of the Convertible Bond Issue
“Mr. Sze”	Mr. Sze Man Bok, shareholder of the Company interested in approximately 18.581% of the existing issued share capital of the Company as at the date of this announcement
“Mr. Hui”	Mr. Hui Lin Chit, shareholder of the Company interested in approximately 18.245% of the existing issued share capital of the Company as at the date of this announcement
“Person”	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Company’s directors or any other governing board and does not include the Company’s wholly-owned direct or indirect subsidiaries
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Put Option Date”	on or about 27 June, 2016
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Singapore Stock Exchange”	Singapore Exchange Securities Trading Limited

“Subscription Agreement”	a conditional subscription agreement entered into between, the Company, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers on 20 May, 2013 in connection with the issue by the Company of the Convertible Bonds with an aggregate principal amount of HK\$5,434 million
“UBS”	UBS AG, Hong Kong Branch
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

By Order of the Board

Sze Man Bok

Chairman

As at the date of this announcement, our Executive Directors are Mr. Sze Man Bok, Mr. Hui Lin Chit, Mr. Hung Ching Shan, Mr. Xu Shui Shen, Mr. Xu Da Zuo, Mr. Xu Chun Man, Mr. Sze Wong Kim, Mr. Hui Ching Chi and Mr. Loo Hong Shing Vincent; and our Independent Non-Executive Directors are Mr. Chan Henry, Mr. Wang Ming Fu, Ms. Ada Ying Kay Wong, Mr. Ho Kwai Ching Mark and Mr. Zhou Fang Sheng.

Hong Kong, 21 May, 2013

* *For identification purpose only*