

**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 stockbroker 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 Hengan International Group Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A registered shareholder whose name is entered in the register of members of Hengan International Group Company Limited as the holder of share(s) for another beneficial shareholder should provide such beneficial shareholder with the information contained herein in compliance with applicable laws, regulations and other relevant requirements.

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**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>

**(1) GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES  
(2) RE-ELECTION OF RETIRING DIRECTORS  
(3) SANCTION OF DISTRIBUTION IN SPECIE  
AND  
(4) NOTICE OF AGM**

A letter from the Board is set out on pages 6 to 23 of this circular.

A notice convening the AGM of Hengan International Group Company Limited to be held at Tianshan and Lushan Rooms, Level 5, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 18 May 2016 at 10:00 a.m., is set out on pages 31 to 35 of this circular.

Whether or not Shareholders intend to attend the said meeting, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

|                              |  |
|------------------------------|--|
| “AGM”                        | the annual general meeting of the Company to be held at Tianshan and Lushan Rooms, Level 5, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong on 18 May 2016 at 10:00 a.m.; |
| “Articles of Association”    | the Articles of Association of the Company;  |
| “associate(s)”               | has the meaning ascribed to it under the Listing Rules;  |
| “Beneficial Shareholder”     | a beneficial owner of Shares whose Shares are registered in the name of a Registered Shareholder;  |
| “Board”                      | the board of Directors or a duly authorised committee of the board of Directors;   |
| “BVI”                        | the British Virgin Islands;  |
| “Companies Law”              | the Companies Law (2013 Revision) (Cap. 22) of the Cayman Islands;   |
| “Company”                    | Hengan International Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;    |
| “connected person(s)”        | has the meaning ascribed to it under the Listing Rules;  |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules;  |
| “Convertible Bond(s)”        | the outstanding convertible bonds of the Company in the aggregate amount of HK\$5,434 million issued on 27 June 2013;  |
| “Director(s)”                | the director(s) of the Company;  |

## DEFINITIONS

|                            |  |
|----------------------------|--|
| “Distribution”             | a conditional special interim dividend which may be declared by the Company to be satisfied by way of a distribution in specie of the entire issued share capital of QinQin owned by the Company (representing 51% of the entire issued share capital of QinQin) to the Qualifying Shareholder(s) (in the case of Non-Qualifying Shareholder(s), a cash amount equal to the net proceeds of the sale of the QinQin Shares to which such Non-Qualifying Shareholder(s) would otherwise have been entitled), subject to the satisfaction of the conditions to the Proposed Spin-off; |
| “Easy Success”             | Easy Success International Investment Limited (順成國際投資有限公司), a limited liability company incorporated on 4 March 2005 in the BVI and owned as to 57.3% by Mr. Wu Huolu, 12.8% by Ms. Cai Liqiong, 29.7% by Mr. Ng Hing Yam and 0.3% by Mr. Go On Sui as at the Latest Practicable Date;   |
| “Ever Town”                | Ever Town Investments Limited (永登投資有限公司), a company incorporated in the BVI on 7 February 2008 and a wholly-owned subsidiary of the Company as at the Latest Practicable Date;   |
| “Excluded Jurisdiction(s)” | in respect of the Distribution, such territory or territories which the QinQin Board and our Board, based on such enquiries as may be made, consider it necessary or expedient to exclude from the distribution of QinQin Shares under the Distribution on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange;  |
| “Gmor”                     | Gmor Capital Limited (聚茂資本有限公司), a limited liability company incorporated in the BVI on 14 August 2014 and wholly owned by Mr. Wu Fumao as at the Latest Practicable Date;   |
| “Group”                    | the Company and its subsidiaries from time to time;  |
| “Hong Kong”                | the Hong Kong Special Administrative Region of the PRC;  |
| “Hui Family Trust”         | the family trust of which Mr. Hui Lin Chit is settlor and beneficiary;   |

## DEFINITIONS

|                                 |  |
|---------------------------------|--|
| “Latest Practicable Date”       | 12 April 2016, being the latest practicable date for ascertaining certain information for inclusion in this circular;  |
| “Listing”                       | the listing by way of introduction of the QinQin Shares on the Main board of the Stock Exchange;   |
| “Listing Committee”             | the listing sub-committee of the board of the Stock Exchange;  |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange;   |
| “Main Board”                    | the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;  |
| “Non-Qualifying Shareholder(s)” | those Overseas Shareholder(s) whose name(s) appear in the register of members of the Company on the Record Date and whose address(es) as shown in such register are in any of the Excluded Jurisdictions and any Shareholder(s) or Beneficial Shareholder(s) at the time who are otherwise known by the Company to be resident in any of the Excluded Jurisdictions; |
| “Overseas Shareholder(s)”       | a Shareholder whose address, as shown on the register of members of the Company as at the Record Date, is in any jurisdiction other than Hong Kong;  |
| “PRC”                           | the People’s Republic of China;  |
| “Proposed Spin-Off”             | the proposed spin-off of QinQin by the Company by way of the Listing to be effected by the Distribution;   |
| “QinQin”                        | Qinqin Foodstuffs Group (Cayman) Company Limited (親親食品集團(開曼)股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 14 January 2016 under the Companies Law;   |
| “QinQin Application Proof”      | the application proof of QinQin’s listing document, which has been published on the website of the Stock Exchange at <a href="http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm">http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm</a> ;   |
| “QinQin Board”                  | the board of directors of QinQin;  |

## DEFINITIONS

|                             |  |
|-----------------------------|--|
| “QinQin BVI”                | QinQin Foodstuffs Group Company Limited (親親食品集團有限公司), a limited liability company incorporated in the BVI on 19 May 2008;  |
| “QinQin Group”              | QinQin and its subsidiaries from time to time;   |
| “QinQin Share(s)”           | share(s) of HK\$0.01 each in the share capital of QinQin;  |
| “Qualifying Shareholder(s)” | Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date;   |
| “Record Date”               | the record date for ascertaining entitlements to the Distribution as may be determined by the Board;   |
| “Registered Shareholder(s)” | in respect of a Beneficial Shareholder, any nominee, trustee, depositary or any other authorised custodian or third-party whose name is entered in the register of members of the Company as the holder of Shares in which the Beneficial Shareholder is beneficially interested;  |
| “Remaining Group”           | the Group following the Distribution, which will exclude the QinQin Group;   |
| “SFO”                       | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;  |
| “Share(s)”                  | Share(s) of HK\$0.10 each in the capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such sub-division, reduction, consolidation, reclassification or reconstruction; |
| “Shareholder(s)”            | holder(s) of issued Shares;  |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited;   |
| “substantial shareholders”  | has the meaning ascribed to it under the Listing Rules;  |
| “Sze’s Family Trust”        | the family trust of which Mr. Sze Man Bok is settlor and beneficiary;  |

## DEFINITIONS

|                       |  |
|-----------------------|--|
| “Takeovers Code”      | the Code on Takeovers and Mergers issued by the Securities and Futures Commission as amended from time to time;  |
| “Total Good”          | Total Good Group Limited (全好集團有限公司), a company incorporated in the BVI on 23 May 2008 and is ultimately owned as to 36.6% by Mr. Wu Huolu, 12.7% by Mr. Hui Ching Lau, 23.5% by Mr. Wu Fumao, 8.2% by Ms. Cai Liqiong, 18.9% by Mr. Ng Hing Yam and 0.2% by Mr. Go On Sui as at the Latest Practicable Date; |
| “U.S. Exchange Act”   | the United States Securities and Exchange Act of 1934, as amended;   |
| “U.S. Securities Act” | the United States Securities Act of 1933, as amended;  |
| “United States”       | the United States of America, its territories and possessions, any State of the United States and the District of Columbia;  |
| “HK\$”                | Hong Kong dollars; and   |
| “%”                   | per cent.  |

LETTER FROM THE BOARD



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>

*Executive Directors:*

Mr. Sze Man Bok (*Chairman*)

Mr. Hui Lin Chit

(*Deputy Chairman and Chief Executive Officer*)

Mr. Hung Ching Shan

Mr. Xu Shui Shen

Mr. Xu Da Zuo

Mr. Xu Chun Man

Mr. Sze Wong Kim

Mr. Hui Ching Chi

Mr. Loo Hong Shing Vincent

*Independent Non-Executive Directors:*

Mr. Chan Henry

Mr. Wang Ming Fu

Ms. Ada Ying Kay Wong, JP

Mr. Ho Kwai Ching Mark

Mr. Zhou Fang Sheng

*Registered Office:*

P.O. Box 309,

Ugland House,

Grand Cayman,

KY1-1104,

British West Indies

*Head Office:*

Hengan Industrial City,

Anhai Town, Jinjiang City,

Fujian Province,

PRC

*Place of Business in Hong Kong:*

Unit 2101D, 21st Floor,

Admiralty Centre, Tower 1,

18 Harcourt Road,

Hong Kong

Hong Kong, 18 April 2016

*To the Shareholders,*

Dear Sir or Madam,

- (1) GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES**
- (2) RE-ELECTION OF RETIRING DIRECTORS**
- (3) SANCTION OF DISTRIBUTION IN SPECIE  
AND**
- (4) NOTICE OF AGM**

\* for identification purposes only



## LETTER FROM THE BOARD

### 1. INTRODUCTION

#### (a) General mandates to issue and repurchase Shares

By ordinary resolutions of the Shareholders of Company passed on 19 May 2015, general mandates were granted to the Directors (i) to repurchase, on the Stock Exchange, ordinary shares of HK\$0.10 each in the capital of the Company up to a maximum of 10% of the aggregate nominal amount of the share capital in issue of the Company; (ii) to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total of the aggregate nominal amount of share capital in issue of the Company and the number of Shares repurchased (if any) pursuant to the aforesaid general mandate to repurchase Shares. These general mandates will expire at the conclusion of the AGM if they are not revoked or varied by an ordinary resolution of the Shareholders before the AGM. It is therefore proposed to seek your approval at the AGM to grant fresh general mandates to the Directors to exercise the above powers.

#### (b) Re-election of retiring Directors

Pursuant to Article 116 of the Articles of Association and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Hui Ching Chi, Ms. Ada Ying Kay Wong, Mr. Wang Ming Fu, Mr. Ho Kwai Ching Mark and Mr. Zhou Fang Sheng shall retire from office at the AGM and each of them is eligible for re-election. It is therefore proposed to seek your approval at the AGM to re-elect the aforesaid Directors.

#### (c) Sanction of distribution in specie

Reference is made to the announcements of the Company dated 11 January 2016 and 31 March 2016 in relation to the proposed spin-off and separate listing of its food and snacks business on the Main Board of the Stock Exchange by way of introduction, to be implemented by means of a distribution in specie by the Company of the entire issued share capital of QinQin owned by the Company (representing 51% of the entire issued share capital of QinQin) to the Qualifying Shareholders.

According to the Articles of Association, the Distribution is subject to the approval by the Shareholders.

The Company announced on 31 March 2016 that QinQin submitted an application to the Stock Exchange for the Listing. A redacted form of the QinQin Application Proof is available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. Merrill Lynch Far East Limited has been appointed as the sole sponsor for the Proposed Spin-off. The Board confirms that the Company will implement the Proposed Spin-Off in compliance with the requirements under Practice Note 15 and other relevant provisions of the Listing Rules.

## LETTER FROM THE BOARD

The purpose of this circular is to give you, amongst other things, further information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions proposed at the AGM.

### 2. GENERAL MANDATE TO REPURCHASE SHARES

Under the Companies Law and the Listing Rules, listed companies are allowed to repurchase their own issued securities. The Articles of Association also enable such securities repurchases to be made. The Directors consider that the power to repurchase Shares increases flexibility in the conduct of the Company's affairs and is in the interests of its Shareholders.

At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase Shares subject to the Articles of Association, the applicable laws and relevant regulatory requirements. Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the mandate as set out in Resolution No. 11 of the notice of AGM on pages 31 to 35 of this circular will be such number of Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the AGM (the "Share Repurchase Mandate"). A resolution authorising the extension of the mandate as set out in Resolution No. 10 of the notice of AGM to the Directors to issue additional Shares by the number of Share repurchased (if any) under the repurchase mandate (as set out in Resolution No. 11) will be proposed as Resolution No. 12 at the AGM.

Appendix I to this circular contains the Explanatory Statement required under the Listing Rules that gives all the information reasonably necessary to enable Shareholders to make an informed decision in connection with their approval of the Share Repurchase Mandate.

### 3. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will also be proposed at the AGM for the grant of a general mandate to the Directors to issue, allot or otherwise deal with additional Shares of the Company up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution (the "Share Issuance Mandate").

The Share Issuance Mandate is valid from the date of the passing of the resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or
- (c) the revocation or variation of the authority given under the resolution by ordinary resolution of the Shareholders in general meeting.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the number of Shares in issue was 1,214,698,721 shares. Accordingly, the exercise of the Share Issuance Mandate in full would enable the Company to issue, allot or otherwise deal with an additional 242,939,744 Shares.

#### **4. RE-ELECTION OF RETIRING DIRECTORS**

As at the Latest Practicable Date, the Board comprised 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 as executive Directors and Mr. Chan Henry, Mr. Wang Ming Fu, Ms. Ada Ying Kay Wong, Mr. Ho Kwai Ching Mark and Mr. Zhou Fang Sheng as independent non-executive Directors.

Pursuant to Article 116 of the Articles of Association and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Hui Ching Chi, Ms. Ada Ying Kay Wong, Mr. Wang Ming Fu, Mr. Ho Kwai Ching Mark and Mr. Zhou Fang Sheng shall retire from office at the AGM and each of them is eligible for re-election.

Pursuant to the code provision in paragraph A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Ms. Ada Ying Kay Wong has served on the Board for more than nine years. The Board considers that Ms. Wong is independent of management and free of any relationship which could materially interfere with the exercise of her independent judgment. The Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules, and affirmed that Ms. Wong remains independent. Hence, the Board considers that the long service of Ms. Wong would not affect her exercise of independent judgment in her service with the Company, and recommends Ms. Wong for re-election as an independent non-executive Director at the AGM.

Details of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

#### **5. SANCTION OF DISTRIBUTION IN SPECIE**

##### **(a) Information about the Proposed Spin-Off**

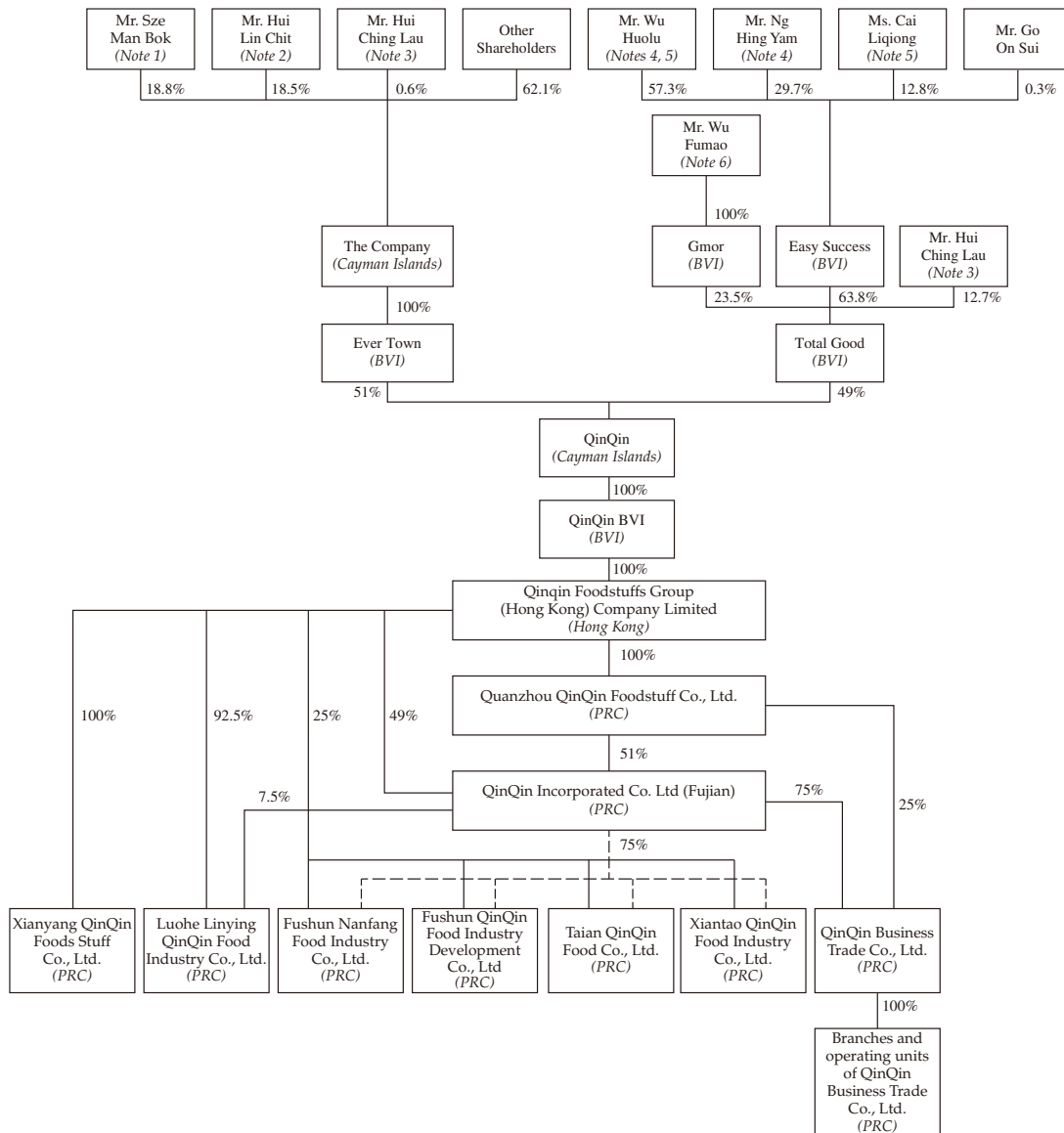
QinQin is a subsidiary of the Company owned as to 51% by Ever Town (a wholly owned subsidiary of the Company) and as to 49% by Total Good. QinQin Group is principally engaged in the manufacturing, distribution and sale of food and snacks products in the PRC, namely, jelly products, crackers and chips, seasoning products, and bakery, confectionery and other products. For further details, please refer to the QinQin Application Proof.

If the Proposed Spin-off proceeds, a special interim dividend will be conditionally declared to the Shareholders, to be satisfied by way of a distribution in specie of the entire issued share capital of QinQin owned by the Company (representing 51% of the entire issued share capital of QinQin) to the Qualifying

## LETTER FROM THE BOARD

Shareholders in proportion to their respective shareholdings in the Company on the Record Date. The Proposed Spin-off will not involve any form of capital raising. The Distribution will be conditional on the Listing Committee granting the listing of, and permission to deal in, the QinQin Shares in issue on the Main Board of the Stock Exchange and such approval not having been revoked prior to completion of the Proposed Spin-off.

The following chart illustrates QinQin Group's simplified shareholding structure as at 14 April 2016:



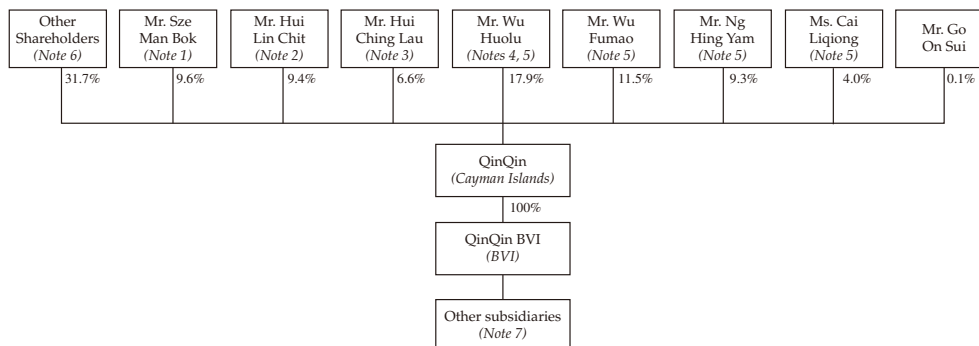
## LETTER FROM THE BOARD

*Notes:*

1. Mr. Sze Man Bok's interests in the Company comprise beneficial interest held by him and interest held by Tin Lee Investments Limited, a wholly-owned subsidiary of Tin Wing Holdings Limited, which is in turn owned by Seletar Limited and Serangoon Limited as nominees on trust for Credit Suisse Trust Limited, the trustee of the Sze's Family Trust. Mr. Sze Man Bok is settlor and beneficiary of the Sze's Family Trust. Mr. Sze Man Bok is a director of both the Company and QinQin.
2. Mr. Hui Lin Chit's interests in the Company were held by An Ping Holdings Limited. An Ping Holdings Limited is a wholly owned subsidiary of An Ping Investments Limited, which is in turn owned by Seletar Limited and Serangoon Limited as nominees on trust for Credit Suisse Trust Limited, as the trustee of the Hui Family Trust. Mr. Hui Lin Chit is settlor and beneficiary of the Hui Family Trust. Mr. Hui Lin Chit is a director of both the Company and QinQin. He is also the father of Mr. Hui Ching Lau, a director of QinQin.
3. Mr. Hui Ching Lau's interests in the Company were held through his wholly owned companies. Mr. Hui Ching Lau is Mr. Hui Lin Chit's son, both being directors of QinQin. Mr. Hui Lin Chit is also a Director.
4. Mr. Ng Hing Yam, Mr. Wu Yinhang (a director of QinQin) and Mr. Wu Qingsheng are brothers. Mr. Wu Qingsheng is the brother-in-law of Mr. Wu Huolu (a director of QinQin).
5. Ms. Cai Liqiong is Mr. Wu Yongde's wife. Mr. Wu Yongde and Mr. Wu Huolu (a director of QinQin) are brothers.
6. Mr. Wu Fumao is the son of Mr. Wu Xinjiang, who is a brother of Mr. Wu Sichuan (a director of QinQin).
7. The percentage figures in this chart do not take into account any outstanding share options and Convertible Bonds issued by the Company.
8. Some percentage figures may not add up to 100% due to rounding differences.

## LETTER FROM THE BOARD

The following chart illustrates QinQin Group's simplified shareholding structure immediately following the Distribution and the Listing (assuming there is no change in the shareholding in the Company from the shareholding as at 14 April 2016):



*Notes:*

1. Mr. Sze Man Bok's interests in QinQin will comprise beneficial interest held by him and interest held by Tin Lee Investments Limited, a wholly-owned subsidiary of Tin Wing Holdings Limited which is in turn owned by Seletar Limited and Serangoon Limited as nominees on trust for Credit Suisse Trust Limited, the trustee of the Sze's Family Trust. Mr. Sze Man Bok is settlor and beneficiary of the Sze's Family Trust. Mr. Sze Man Bok is a director of both the Company and QinQin.
2. Mr. Hui Lin Chit's interests in QinQin will be held by An Ping Holdings Limited, a wholly owned subsidiary of An Ping Investments Limited which is in turn owned by Seletar Limited and Serangoon Limited as nominees on trust for Credit Suisse Trust Limited, as the trustee of the Hui Family Trust. Mr. Hui Lin Chit is settlor and beneficiary of the Hui Family Trust. Mr. Hui Lin Chit is a director of both the Company and QinQin. He is also the father of Mr. Hui Ching Lau, a director of QinQin.
3. Based on information available to our Company as at 14 April 2016, Mr. Hui Ching Lau's equity interest in QinQin (through his wholly owned companies) may increase by not more than approximately 0.01% immediately after completion of the Distribution as a result of additional Shares that he (through his wholly owned companies) may receive before the Record Date under structured products relating to the Shares. Mr. Hui Ching Lau is Mr. Hui Lin Chit's son, both being directors of QinQin. Mr. Hui Lin Chit is also a Director.
4. Mr. Wu Huolu will hold the QinQin Shares through Easy Success, which will be wholly owned by him before the Listing.
5. Please refer to notes 4, 5 and 6 under the structure chart on page 11 of this circular for details of the relationship between such persons and the directors of QinQin.
6. This comprises QinQin Shares expected to be distributed to Mr. Pan Jin Zhen (senior management of QinQin Group) and other Shareholders pursuant to the Distribution. As at the Latest Practicable Date, Mr. Pan was interested in less than 0.01% of the issued share capital of the Company. None of these Shareholders is a core connected person of QinQin.

## LETTER FROM THE BOARD

7. Please refer to the structure chart on page 10 of this circular for details of the subsidiaries of QinQin BVI.
8. The percentage figures in this chart do not take into account any outstanding share options and Convertible Bonds issued by the Company.
9. Some percentage figures may not add up to 100% due to rounding differences.

The Proposed Spin-off and Listing are subject to, amongst other things, the following:

- (a) the final decisions of the Board and the QinQin Board;
- (b) the approval from the Shareholders for the Distribution at the AGM;  
and
- (c) the Listing Committee granting the listing of, and permission to deal in, the QinQin Shares in issue on the Main Board of the Stock Exchange and such approval not having been revoked prior to completion of the Proposed Spin-off.

Upon completion of the Proposed Spin-off, QinQin will cease to be a subsidiary of the Company. The Remaining Group will continue to be principally engaged in the manufacturing, distribution and sale of personal hygiene products, whereas QinQin Group will focus on the food and snacks business.

## LETTER FROM THE BOARD

The following tables set forth key financial information of QinQin Group which has been extracted from the unaudited combined financial information of QinQin Group for the three financial years ended 31 December 2015:

### *Summary Combined Income Statements*

|  | <b>For the year ended 31 December</b> |                      |                      |
|--|---------------------------------------|----------------------|----------------------|
|  | <b>2013</b>                           | <b>2014</b>          | <b>2015</b>          |
|  | <i>RMB'000</i>                        | <i>RMB'000</i>       | <i>RMB'000</i>       |
| <b>Revenue</b>   | 1,280,354                             | 1,216,135            | 1,020,051            |
| Cost of sales  | <u>(738,435)</u>                      | <u>(700,906)</u>     | <u>(589,114)</u>     |
| <b>Gross profit</b>  | 541,919                               | 515,229              | 430,937              |
| Other income and other gains – net                               | 1,456                                 | 15,905               | 8,934                |
| Distribution costs   | (336,705)                             | (335,695)            | (294,300)            |
| Administrative expenses  | <u>(97,874)</u>                       | <u>(77,445)</u>      | <u>(69,411)</u>      |
| <b>Operating profit</b>  | 108,796                               | 117,994              | 76,160               |
| Finance income   | 4,008                                 | 8,536                | 11,859               |
| Finance costs  | <u>(438)</u>                          | <u>(245)</u>         | <u>(198)</u>         |
| <b>Finance income – net</b>                                      | <u>3,570</u>                          | <u>8,291</u>         | <u>11,661</u>        |
| <b>Profit before income tax</b>                                  | 112,366                               | 126,285              | 87,821               |
| Income tax expense   | <u>(27,984)</u>                       | <u>(34,666)</u>      | <u>(24,069)</u>      |
| <b>Profit for the year, all attributable to owners of QinQin</b> | <u><u>84,382</u></u>                  | <u><u>91,619</u></u> | <u><u>63,752</u></u> |

### *Summary Combined Statement of Financial Position Information*

|                     | <b>As at 31 December</b> |                |                |
|---------------------|--------------------------|----------------|----------------|
|                     | <b>2013</b>              | <b>2014</b>    | <b>2015</b>    |
|                     | <i>RMB'000</i>           | <i>RMB'000</i> | <i>RMB'000</i> |
| Current assets      | 392,602                  | 399,646        | 357,543        |
| Current liabilities | 354,711                  | 256,614        | 125,974        |
| Net current assets  | 37,891                   | 143,032        | 231,569        |
| Total assets        | 851,634                  | 843,885        | 775,000        |
| Total liabilities   | 359,174                  | 260,225        | 129,766        |
| Total equity        | 492,460                  | 583,660        | 645,234        |



## LETTER FROM THE BOARD

For further information on the Proposed Spin-off and further business and financial information in relation to QinQin, please refer to the QinQin Application Proof. Shareholders should note that the QinQin Application Proof is in draft form and the information contained in it is subject to change which can be material. To the fullest extent permitted by law, the Company disclaims any obligation or liability whatsoever in relation to the QinQin Application Proof.

### **(b) Reasons for and Benefits of the Proposed Spin-Off**

The Directors consider that the Proposed Spin-Off is in the interests of the Group (including QinQin Group) and the Shareholders as a whole and the Proposed Spin-Off will better position each of the Remaining Group and QinQin Group for growth in their respective businesses and deliver clear benefits for the following reasons:

- (i) QinQin Group's food and snacks business is of a sufficient size to warrant the Proposed Spin-Off;
- (ii) the Proposed Spin-Off will separate the Company's business of the manufacture, distribution and sale of personal hygiene products from QinQin Group's food and snacks business and should increase the operational and financial transparency and improve the corporate governance of each line of business. Such segregation will enable investors and financiers to appraise the strategies, success factors, functional exposure, risks and returns of each of the Remaining Group's business and QinQin Group's business separately and to make their investment decisions accordingly. Investors will have the choice to invest in either one or both of the businesses and shareholders will have the opportunity to realise the value of their investment in QinQin Group. The Proposed Spin-Off will align the businesses of each of the Remaining Group and QinQin Group with their respective investor bases;
- (iii) the listing of the shares of QinQin Group provides a direct and additional platform for QinQin Group to secure funding to support QinQin Group's expansion plan and growth and allows QinQin Group to react promptly to market conditions. Although no funds are to be raised in the Proposed Spin-Off, the separate listing of QinQin Group will enable QinQin Group to access the capital markets directly and management of QinQin Group will be able to make decisions on funding solely based on the own conditions of QinQin Group without taking account of the business of the Company. This helps diversify the funding resources of QinQin Group as a whole. The Proposed Spin-Off will also enhance the corporate profile of QinQin Group, thereby increasing their ability to attract strategic investors, who can produce synergy for QinQin Group for investment in and by forming strategic partnership with QinQin Group directly;

## LETTER FROM THE BOARD

- (iv) the share performance of QinQin Group can serve as a separate benchmark for shareholders and the investing public to evaluate the performance of QinQin Group which could in turn serve as an incentive for the management of QinQin Group to seek improvement and raise management and operating efficiency of QinQin Group on an ongoing basis;
- (v) as a listed company itself through the Proposed Spin-Off, QinQin Group would be able to offer an equity based incentive programme (such as a stock option, share option or share award scheme) to its employees that correlates directly to their performance in QinQin Group's business. QinQin Group would therefore be in a better position to motivate their employees with incentive programmes that are closely aligned with the objective of creating value for QinQin Group's shareholders; and
- (vi) the Proposed Spin-Off will allow the management teams of both the Group and QinQin Group to focus more effectively on their respective core business and improve their abilities to recruit, motivate and retain key management personnel for each line of business as well as to expediently and effectively capitalise on any business opportunities that may arise. Further, the Proposed Spin-Off will enable QinQin Group to build QinQin's identity and reputation as a separately listed group.

The Board believes that the Proposed Spin-off will better position each of the Company and QinQin for growth in their respective lines of business. The Company will be able to focus its resources on developing its existing personal hygiene products business whilst QinQin will focus on developing the food and snacks products business. The Spin-off will also unlock the value for existing Shareholders by better identifying and establishing the stand-alone corporate value of the food and snacks business. In light of the clear and distinct delineation between the businesses of the Remaining Group and those of QinQin Group, the assured entitlement to be provided to the Qualifying Shareholders under the Distribution and the commercial benefits of the Proposed Spin-off as highlighted above, the Directors are of the view that the Proposed Spin-off and the Listing will not result in any material adverse impact on the interests of the Shareholders.

### **(c) The Distribution**

Under the requirements of Practice Note 15 of the Listing Rules, the Company is expected to have due regard to the interests of the Shareholders by providing them with an assured entitlement to the QinQin Shares. The Board intends to fulfill the assured entitlement requirement in Practice Note 15 of the Listing Rules by declaring a conditional special interim dividend in accordance with the Articles of Association of the Company and the Companies Law and satisfying the payment of such dividend by effecting the Distribution.

## LETTER FROM THE BOARD

According to the Articles of Association, the Distribution is subject to the approval by the Shareholders. Article 152 of the Articles of Association provides that the Board, with the sanction of the Shareholders in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. In compliance with the Articles of Association, the Company is seeking the Shareholders' approval for the Distribution at the AGM. As at the Latest Practicable Date, none of the Shareholders is required to abstain from voting on the resolution for sanctioning the Distribution at the AGM.

Article 145(c) of the Articles of Association empowers the Board to declare and pay special dividends on Shares from time to time. If the Proposed Spin-off proceeds, a special interim dividend will be conditionally declared to the Shareholders to effect the Proposed Spin-off. Subject to the approval of the Shareholders, the dividend is intended to be satisfied by way of a distribution in specie of the entire issued share capital of QinQin owned by the Company (representing 51% of the entire issued share capital of QinQin) to the Qualifying Shareholders in proportion to their respective shareholdings in the Company on the Record Date. Subject to the final decision of the Board, it is currently intended that each Qualifying Shareholder will be entitled to one QinQin Share for every five Shares held on the Record Date pursuant to the Distribution. Fractional entitlements of Qualifying Shareholders to the QinQin Shares under the Distribution will be disregarded. On the basis of 1,214,698,721 Shares in issue as at the Latest Practicable Date and assuming that it will remain unchanged on the Record Date, subject to the final decision of the Board, a total of 242,939,744 QinQin Shares (representing 51% of the entire issued share capital of QinQin) will be distributed to the Qualifying Shareholders.

As at the Latest Practicable Date, there were (i) outstanding options (granted pursuant to the share option scheme of the Company adopted on 26 May 2011) which entitle the holders thereof to subscribe for 7,731,500 Shares on or before the Record Date; and (ii) outstanding Convertible Bonds which entitle the holders thereof to exercise the conversion rights attached thereto and convert into 45,252,222 Shares on or before the Record Date. Assuming all such options and Convertible Bonds are exercised or converted on or before the Record Date, there will be a total of 1,267,682,443 Shares in issue on the Record Date, in that case, subject to the final decision of the Board, the total number of QinQin Shares to be distributed to the Shareholders will be increased to 253,536,488 (representing 51% of the entire issued share capital of QinQin).

## LETTER FROM THE BOARD

The QinQin Shares are currently expected to be traded in board lots of 1,000 QinQin Shares each. As a result of the Distribution, Qualifying Shareholders may receive QinQin Shares in odd lots. It is currently expected that an agent will be appointed to provide matching service to the shareholders of QinQin to facilitate the acquisition of odd lots of the QinQin Shares to make up a full board lot or the disposal of any QinQin Shares which they may receive in odd lots. The Company will publish a separate announcement containing details of the special arrangements to facilitate the disposal of QinQin Shares which the Qualifying Shareholders may receive in odd lots before the Listing.

### **(d) Non-Qualifying Hengan Shareholders**

The distribution of the QinQin Shares under the Distribution to certain Shareholders may be subject to laws of jurisdictions outside Hong Kong. Shareholders and Beneficial Shareholders residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Shareholders and Beneficial Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Distribution, including obtaining of any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction. Overseas Shareholders and Beneficial Shareholders should consult their professional advisers if they are in doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt, acquisition, retention, disposal or otherwise with respect to the QinQin Shares.

Non-Qualifying Shareholders will be entitled to the Distribution but will not receive QinQin Shares. The Company will arrange for the QinQin Shares which the Non-Qualifying Shareholders would otherwise receive pursuant to the Distribution to be sold on their behalf on the market as soon as reasonably practicable following the commencement of dealings in QinQin Shares on the Stock Exchange. The Company will arrange for the aggregate proceeds of such sale (net of expenses and taxes) to be paid to the relevant Non-Qualifying Shareholders (in proportion to their shareholdings in the Company as at the Record Date) in Hong Kong dollars in full satisfaction of the relevant QinQin Shares which they would otherwise receive pursuant to the Distribution. Such payment of net proceeds to the Non-Qualifying Shareholders is expected to be made within approximately four weeks following the commencement of dealings in the QinQin Shares on the Main Board.

### **(e) United States Shareholders and Beneficial Shareholders**

The Company is furnishing this circular, together with access to the QinQin Application Proof, in connection with the Spin-off and to give you, amongst other things, further information necessary to enable you to make an informed decision on whether to vote for or against the Distribution. No shareholder approval of any

## LETTER FROM THE BOARD

other matter relating to the Proposed Spin-off is required or being sought. The Company is not subject to the requirements of the U.S. Exchange Act concerning proxy solicitations and information statements.

This information statement is not an offer to sell or a solicitation of any offer to buy any securities in the United States or elsewhere. The Proposed Spin-off will not involve any offering of QinQin Shares or any other securities of QinQin, and no proceeds will be raised by the Company or QinQin.

The distribution of the QinQin Shares under the Distribution has not been and will not be registered under the U.S. Securities Act. If the Proposed Spin-Off proceeds, QinQin may rely on an exemption from the registration requirements of Section 12(g) of the U.S. Exchange Act in accordance with Rule 12g3-2(b) thereunder and therefore will not register the QinQin Shares under the U.S. Exchange Act. If the Proposed Spin-Off proceeds, QinQin will make certain documents available on its website after the completion of the Proposed Spin-off. These documents will include regularly prepared financial statements and annual and interim reports of QinQin that will be in the form prescribed by its articles of association, Cayman Islands law and the rules of the Stock Exchange.

Currently, there is no trading market for QinQin Shares. If the Proposed Spin-Off proceeds, the QinQin Shares are expected to be listed on the Stock Exchange. The QinQin Shares will not be listed on any securities exchange in the United States or quoted on any automated inter-dealer quotation system in the United States. An active trading market for QinQin Shares is not expected to develop in the United States.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the QinQin shares or passed upon the accuracy or adequacy of this circular or the Application Proof. Any representation to the contrary is a criminal offense.

### *Certain United States Tax Consequences to U.S. Shareholders*

Set forth below is a summary of the material U.S. federal income tax consequences to a U.S. Shareholder (as defined below) of the receipt of QinQin Shares pursuant to the Distribution. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, judicial authorities, published positions of the United States Internal Revenue Service and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Shareholder's particular circumstances (including the alternative minimum tax and the Medicare contribution tax on net investment income) or the tax consequences applicable to U.S. Shareholders subject to special rules (such as certain financial institutions, insurance companies, dealers in securities or currencies, tax-exempt entities, persons that have a functional currency that is not the U.S. dollar, persons that have elected "mark-to-market" accounting,

## LETTER FROM THE BOARD

persons that own or are deemed to own Shares representing 10% or more of the Company's voting stock or persons that hold their Shares through a partnership or other entity which is a pass-through entity for U.S. federal income tax purposes).

For purposes of this discussion, a "U.S. Shareholder" means a beneficial owner of Shares that, for U.S. federal income tax purposes, is (a) a citizen or resident of the United States, (b) a corporation created or organized in or under the laws of the United States or any political subdivision thereof, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a domestic trust.

### *U.S. Tax Consequences of the Distribution*

The receipt of the QinQin Shares pursuant to the Distribution by a U.S. Shareholder will be treated as a taxable dividend to the extent paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that the entire amount of the Distribution (equal to the fair market value of the QinQin Shares as of the date of receipt) generally will be taxable to U.S. Shareholders as dividend income. The dividend will be treated as foreign-source income for foreign tax credit purposes. Such dividend will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code, and will not be eligible for reduced rates of taxation available generally to certain non-corporate U.S. Shareholders on dividends received from certain non-U.S. corporations. U.S. Shareholders should consult their tax advisers regarding the availability of the reduced tax rate on dividends in their particular circumstances. A U.S. Shareholder's tax basis in the QinQin Shares received will equal the fair market value of such shares as of the date of receipt.

### *Information Reporting and Backup Withholding*

Payments of the Distribution that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and to backup withholding, unless (i) the U.S. Shareholder is a corporation or other "exempt recipient" and (ii) in the case of backup withholding, the U.S. Shareholder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Shareholder will be allowed as a credit against the U.S. Shareholder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the United States Internal Revenue Service.

## LETTER FROM THE BOARD

This summary is for general information only and it is not intended to be, nor should it be construed to be, tax or legal advice to any prospective shareholder. Further, this summary is not intended to constitute a complete analysis of all U.S. federal income tax consequences relating to the Distribution. Accordingly, U.S. Shareholders should consult their own tax advisers about the U.S. federal, state, local and non-U.S. tax consequences of the Distribution, including the ownership and disposition of the QinQin Shares received pursuant to the Distribution.

**(f) Professional tax advice recommended**

Qualifying Shareholders and Beneficial Shareholders should consult their professional advisers if in any doubt as to the taxation implications of receiving, purchasing, holding, disposing of and dealing in the QinQin Shares. It is emphasised that none of the Company, QinQin, any other member of the Group or their respective directors, officers or representatives or any other person involved in the Proposed Spin-off accepts responsibility for any tax effects or liabilities resulting from the receipt of, purchase, holding or disposing of, or dealing in, the QinQin Shares or the exercise of any rights attaching to the QinQin Shares.

As at the Latest Practicable Date, the listing application is being reviewed by the Stock Exchange. The Proposed Spin-Off and the Listing are subject to, amongst other things, the final decisions of the Board and the QinQin Board, the approval from the Shareholders for the Distribution and the Listing Committee granting the listing of, and permission to deal in, the QinQin Shares in issue on the Main Board of the Stock Exchange and such approval not having been revoked prior to completion of the Proposed Spin-off. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and Listing will take place, or if they do, when they will take place. If the Proposed Spin-off and Listing do not proceed for any reason, the Distribution will not be made. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

**6. CLOSURE OF REGISTER OF MEMBERS**

**(a) For determining the entitlement to attend and vote at the 2016 AGM**

The AGM is scheduled to be held on Wednesday, 18 May 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 May 2016 to Wednesday, 18 May 2016, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Abacus Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 13 May 2016.

## LETTER FROM THE BOARD

### **(b) For determining the entitlement to the proposed final dividend**

The proposed final dividend is subject to the approval of Shareholders at the AGM. For determining the entitlement to the proposed final dividend for the year ended 31 December 2015, the register of members of the Company will also be closed from Tuesday, 24 May 2016 to Wednesday, 25 May 2016, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend, unregistered holders of Shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Abacus Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 May 2016.

### **7. ANNUAL GENERAL MEETING**

The AGM will be held at Tianshan and Lushan Rooms, Level 5, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 18 May 2016 at 10:00 a.m. The notice of AGM is set out on pages 31 to 35 of this circular. Resolutions in respect of the general mandates to repurchase and issue Shares, re-election of retiring Directors and sanctioning of the Distribution as referred to above will be proposed, amongst others, at the AGM.

### **8. ACTION TO BE TAKEN**

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the form of proxy to the Company's share registrar, Tricor Abacus Limited at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the AGM should you so wish.

### **9. VOTING BY POLL**

According to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, and hence the Chairman of the meeting will demand for a poll for all resolutions put forward at the forthcoming AGM to be held on 18 May 2016.



## LETTER FROM THE BOARD

### 10. RECOMMENDATION

The Directors believe the general mandates to repurchase and issue Shares, the re-election of retiring Directors and the sanctioning of the Distribution are in the best interests of the Company and Shareholders as a whole, and accordingly recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

### 11. 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 Company. 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.

By order of the Board  
**Sze Man Bok**  
*Chairman*

**(A) PROPOSED SHARE REPURCHASE MANDATE**

It is proposed that the Directors may exercise the powers of the Company to repurchase up to 10% of the Shares in issue as at the date of the passing of the resolution to approve the granting to the Directors the Share Repurchase Mandate. As at the Latest Practicable Date, the number of Shares in issue was 1,214,698,721 shares. Accordingly, the exercise of the Share Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as at the date of the passing of the resolution to approve the Share Repurchase Mandate) would enable the Company to repurchase 121,469,872 shares.

**(B) REASONS FOR REPURCHASES**

Repurchases of Shares will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

**(C) FUNDING OF REPURCHASES**

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published accounts) in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**(D) UNDERTAKING**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention to sell Shares to the Company or its subsidiaries if the Share Repurchase Mandate is granted.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

No connected person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Share Repurchase Mandate is granted.

**(E) IMPLICATION UNDER TAKEOVERS CODE AND THE PUBLIC FLOAT REQUIREMENT**

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, the substantial shareholders of the Company, Mr. Sze Man Bok and Mr. Hui Lin Chit, were beneficially interested in an aggregate of 453,474,350 Shares, representing approximately 37.33% of the total issued share capital of the Company, which were held by Credit Suisse Trust Limited as trustee of The Sze's Family Trust and The Hui Family Trust, being discretionary trusts established by Mr. Sze and Mr. Hui respectively.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Share Repurchase Mandate, the aggregate interests of the abovesaid Shareholders would be increased to approximately 41.48% of the total issued share capital of the Company after the repurchase. The Directors believe that such increase may give rise to such Shareholders an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. However, the Directors do not intend to exercise the power to repurchase Shares to such extent at present. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any repurchase made under the Share Repurchase Mandate.

Any repurchase of the Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could not be implemented unless waiver is granted by the Stock Exchange from strict compliance requirements regarding the public float under Rule 8.08 of the Listing Rules. However, in the event that the Share Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25% of the total number of Shares in issue.

**(F) SHARE PRICES**

The highest and lowest prices at which Shares had been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date, were as follows:

|   | Share Price     |                |
|---|-----------------|----------------|
|   | Highest<br>HK\$ | Lowest<br>HK\$ |
| <b>2015</b>                               |                 |                |
| April                                     | 107.40          | 92.75          |
| May                                       | 99.10           | 88.55          |
| June                                      | 96.50           | 88.35          |
| July                                      | 92.80           | 78.90          |
| August                                    | 86.65           | 70.45          |
| September                                 | 78.45           | 71.40          |
| October                                   | 86.00           | 76.85          |
| November                                  | 86.45           | 77.05          |
| December                                  | 80.45           | 70.30          |
| <b>2016</b>                               |                 |                |
| January                                   | 73.40           | 64.50          |
| February                                  | 70.80           | 61.35          |
| March                                     | 68.60           | 60.80          |
| April (up to the Latest Practicable Date) | 70.95           | 66.00          |

**(G) SHARE REPURCHASE MADE BY THE COMPANY**

During the six months preceding the Latest Practicable Date, the Company had repurchased its Shares on the Stock Exchange as follows:

| Date of repurchase | Number of<br>shares<br>repurchased | Highest<br>price paid<br>HK\$ | Lowest<br>price paid<br>HK\$ |
|--------------------|------------------------------------|-------------------------------|------------------------------|
| 12 January 2016    | 750,000                            | 65.75                         | 65.45                        |
| 14 January 2016    | 208,000                            | 65.75                         | 65.60                        |
| 15 January 2016    | 846,500                            | 65.90                         | 65.50                        |
| 18 January 2016    | 10,000                             | 65.70                         | 65.70                        |
| 20 January 2016    | 1,298,500                          | 65.90                         | 65.50                        |
| 21 January 2016    | 282,500                            | 65.95                         | 65.95                        |
|                    | <u>3,395,500</u>                   |                               |                              |

**MR. HUI CHING CHI**

Mr. Hui Ching Chi, aged 31, is an Executive Director and the Director of Supply Chain Management of the Group. He is responsible for the overall strategy relating to the Group's planning and purchasing of raw materials and logistic management. Mr. Hui worked in a major international bank in London prior to joining the Group in February 2008. Mr. Hui holds a Law Degree from the London University. He is a son of Mr. Hui Lin Chit, the Chief Executive Officer and a substantial Shareholder of the Company.

Save as disclosed above, he is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Hui has personal interests of 40,000 shares and 20,000 share options granted under the Share Option Scheme adopted by the Company on 26 May 2011 to subscribe for 20,000 Shares of the Company within the meaning of Part XV of the SFO. He has not held any directorship in other listed companies in the last three years.

Mr. Hui has entered into a service contract with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Hui received remuneration of approximately HK\$625,000 for the year ended 31 December 2015, which was determined with reference to his experience, responsibilities, performance and the Group's financial results.

Save as disclosed above, Mr. Hui has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with his re-election.

**MS. ADA YING KAY WONG**

Ms. Ada Ying Kay Wong, JP, aged 56, is an Independent Non-executive Director of the Company appointed in 1998, a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Ms. Wong, a practicing solicitor, is a partner of Philip K. H. Wong, Kennedy Y. H. Wong & Co., Solicitors & Notaries. She is also a culture and creative education advocate. She is the supervisor of HKICC Lee Shau Kee School of Creativity and the council member of Hong Kong Shue Yan University. She was Chair of the Wanchai District Council (2004 – 2007), and is currently a member of the Consultation Panel of the West Kowloon Cultural District Authority, the Art Museum Advisory Panel. Currently, she is an independent non-executive director of Pak Fah Yeow International Limited, a company listed on the Main Board of the Stock Exchange.

Ms. Wong has entered into a service agreement with the Company for a 3-year term expiring on 16 December 2017 subject to re-newal and extension. Her directorship is subject to retirement by rotation and re-election in accordance with the Articles. Ms. Wong received remuneration of approximately HK\$120,000 for the year ended 31 December 2015, which was determined with reference to her experience, responsibilities and performance.

## APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

Ms. Wong does not have any relationship with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Wong did not have any interests in the Company within the meaning of Part XV of SFO.

Save as disclosed above, Ms. Wong has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with her re-election.

### MR. WANG MING FU

Mr. Wang Ming Fu, aged 50, is an Independent Non-executive Director of the Company appointed on 1 January 2010. He is also a member of the audit committee, nomination committee and remuneration committee. Currently, he is the chairman of the HeJun Consulting Co., Ltd. He was a managing director of Security Research Institute and a general manager of merger and acquisition department of Junan Securities Co., Ltd. from 1993 to 1998, and was an executive director of Institute of Finance and Security, Renmin University of China from 1999 to 2003. He is a director of New Oriental Education Fund from 2007. In addition, he was an independent non-executive director of Shenzhen Airport Co., Ltd. and Hainan Minsheng Gas Corporation. He has been appointed as an independent non-executive director of Beiqi Foton Motor Co., Ltd. since April 2010.

He obtained a bachelor degree in political education from the East China Normal University, a master of law degree from the Nanjing University and a doctorate degree in economic from the Remin University of China. He was a senior visiting scholar of University of Illinois. Mr. Wang is a reputable strategist and investment banker in China providing long-term strategy, corporate culture, corporate governance, merger and acquisition professional consulting services for government, corporations, listed companies and institutional investors, and has over 21 years of working experience. His articles with original ideas and theories on various Chinese industries, corporate governance and capital markets amount to millions of words.

Mr. Wang has entered into a letter of appointment with the Company for a 3-year term expiring on 31 December 2018 subject to re-newal and extension. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Wang received remuneration of HK\$120,000 for the year ended 31 December 2015 which was determined with reference to his experience, responsibilities and performance.

Mr. Wang does not have any relationship with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, he did not have any interests in the Company pursuant to Part XV of the SFO.

Save as disclosed above, Mr. Wang has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with his re-election.

**MR. HO KWAI CHING MARK**

Mr. Ho Kwai Ching Mark, aged 54, is an Independent Non-executive Director of the Company appointed on 1 January 2013. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. He is currently a consultant in the securities and futures industry and an independent non-executive director of Lee Kee Holdings Limited, a company listed on the Main Board of the Stock Exchange. He was the Chief Operating Officer of Oriental Patron Securities Limited, the Chief Compliance Officer of Hong Kong Mercantile Exchange Limited, the Director of Business Development of Sun Hung Kai Securities Limited and a Director of Phillip Securities (HK) Limited. He was also previously Vice President of Corporate Strategy of Hong Kong Exchanges and Clearing Limited and Head of Compliance of Hong Kong Futures Exchange Limited. He has more than 21 years of experience in the securities and futures industry.

Mr. Ho received a Bachelor Degree in Social Sciences from the University of Hong Kong in 1984 and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Ho has entered into a letter of appointment with the Company for a term of three years expiring on 31 December 2018 subject to re-newal and extension. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Ho received remuneration of HK\$120,000 for the year ended 31 December 2015 which was determined with reference to his duties, responsibilities and performance. Save as disclosed above, Mr. Ho has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Ho is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. He does not hold any other positions with the Company or its subsidiaries. As at the Latest Practicable Date, Mr. Ho does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Ho required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules nor there any other matter that needs to be brought to the attention of the shareholders of the Company.

**MR. ZHOU FANG SHENG**

Mr. Zhou Fang Sheng, aged 66, is an Independent Non-executive Director of the Company appointed on 1 January 2013. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. He has more than 22 years of management experience. From 1991 to 1997, Mr. Zhou served as deputy division director and division director in State-owned Assets Administration Bureau, and deputy director in Stated-owned Assets Administration Research Institute. From 1997 to 2001, Mr. Zhou worked as deputy director in difficulty relief working office for state-owned enterprises of State Economic and Trade Commission. From 2001 to 2003, Mr. Zhou served as a director in State-owned Assets Administration Research Section of Research Institute for Fiscal

## APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

Science of Ministry of Finance. From 2003 to 2009, Mr. Zhou worked as Vice Counsel in charge of state-owned enterprise restructuring and business management in Enterprise Reform Bureau of State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhou was appointed as a supervisor of Sinotrans Limited, a company listed on the Main Board of the Stock Exchange on 19 November 2011. He has been also appointed an independent non-executive director of Beijing BDStar Navigation Co., Ltd and China Aviation Optical-Electrical Technology Co., Ltd, companies listed on Shenzhen Stock Exchange, since 16 January 2012 and 13 June 2013 respectively.

Mr. Zhou has entered into a letter of appointment with the Company for a term of three years expiring on 31 December 2018 subject to re-newal and extension. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Zhou received remuneration of HK\$120,000 for the year ended 31 December 2015, which was determined with reference to his duties, responsibilities and performance. Save as disclosed above, Mr. Zhou has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Zhou is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. He does not hold any other positions with the Company or its subsidiaries. As at the Latest Practicable Date, Mr. Zhou does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Zhou required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules nor there any other matter that needs to be brought to the attention of the shareholders of the Company.



## NOTICE OF ANNUAL GENERAL MEETING



# 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>*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of shareholders of Hengan International Group Company Limited (the “Company”) will be held at Tianshan and Lushan Rooms, Level 5, Island Shangri-la, Pacific Place, Supreme Court Road, Central, Hong Kong on 18 May 2016 (Wednesday) at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated accounts and the reports of the directors and auditors for the year ended 31 December 2015;
2. To declare a final dividend for the year ended 31 December 2015;
3. To re-elect Mr. Hui Ching Chi as an executive director;
4. To re-elect Ms. Ada Ying Kay Wong as an independent non-executive director;
5. To re-elect Mr. Wang Ming Fu as an independent non-executive director;
6. To re-elect Mr. Ho Kwai Ching Mark as an independent non-executive director;
7. To re-elect Mr. Zhou Fang Sheng as an independent non-executive director;
8. To authorise the board of directors to fix the remuneration of the directors;
9. To re-appoint auditors and authorise the board of directors to fix their remuneration;
10. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company, and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power, be and is hereby generally and unconditionally approved;

\* for identification purposes only

## NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (aa) Rights Issue; or (bb) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (cc) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to participants of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares of the Company; or (dd) any scrip dividend or other similar scheme implemented in accordance with the Articles of Association of the Company, shall not exceed 20% of the total aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company’s articles of association to be held; or
  - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

“Rights Issue” means an offer of shares or other securities open for a period fixed by the directors of the Company to holders of shares on the Register of Members of the Company on a fixed recorded date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements the directors of the Company may deem necessary or expedient in relation to fractional entitlements of having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

## NOTICE OF ANNUAL GENERAL MEETING

11. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to sub-paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company or any other rights to subscribe shares in the capital of the Company in each case on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the directors of the Company;
- (c) the aggregate nominal amount of the ordinary share capital of the Company or any other rights to subscribe shares in the capital of the Company in each case which the directors of the Company are authorised to repurchase pursuant to the approvals in sub-paragraphs (a) and (b) of this Resolution shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of the passing of this Resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
  - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

## NOTICE OF ANNUAL GENERAL MEETING

12. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the general mandate referred to in Resolution No. 10 above be and is hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of share capital of the Company purchased by the Company since the granting of the general mandate referred to in Resolution No. 11 above and pursuant to the exercise by the directors of the powers of the Company to purchase such shares provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution.”

13. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) in respect of any special dividend (“Special Dividend”) that may be declared by the board of directors of the Company in connection with the proposed spin-off and listing of the shares of Qinqin Foodstuffs Group (Cayman) Company Limited (“Qinqin”) on the Main Board of the Stock Exchange as mentioned in the circular of the Company dated 18 April 2016, the satisfaction of the Special Dividend by way of distribution in specie (“Distribution”) of all of the issued shares in the share capital of Qinqin held by the Company (representing 51% of the entire issued share capital of Qinqin), subject to such conditions and on such basis as may be determined by the board of directors of the Company, be and is hereby approved; and
- (b) the board of directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements, and agreements on behalf of the Company as it may in its absolute discretion consider appropriate, necessary, expedient or desirable to implement, administer and/or give effect to the Special Dividend and/or the Distribution.”

By order of the Board  
**Loo Hong Shing Vincent**  
*Company Secretary*

Hong Kong, 18 April 2016

## NOTICE OF ANNUAL GENERAL MEETING

*Notes:*

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote instead of him. A proxy does not need to be a member of the Company.
- (ii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney of authority, must be lodged with the Company's share registrar, Tricor Abacus Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.
- (iii) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 May 2016 to Wednesday, 18 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Abacus Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 13 May 2016.
- (iv) For determining the entitlement to the proposed final dividend for the year ended 31 December 2015, the register of members of the Company will also be closed from Tuesday, 24 May 2016 to Wednesday, 25 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Abacus Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 May 2016.