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HUI SHENG INTERNATIONAL HOLDINGS LIMITED

惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1340)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF SIMPLE RISE INC.

THE DISPOSAL

The Board is pleased to announce that on 11 March 2019 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares and the Sale Debt for a cash consideration of HK\$19,500,000. Completion is scheduled to take place on or before 31 May 2019 or such later date to be agreed by the Company and the Purchaser.

The Target Company is the legal and beneficial owner of Property 1 and the Subsidiary, which in turn is the legal and beneficial owner of Property 2. Property 1 and Property 2 are Office A and Office B located on a floor of Aubin House, Nos. 171 & 172 Gloucester Road, Hong Kong respectively. The Properties are commercial offices with gross floor area of approximately 610 square feet and approximately 610 square feet respectively.

IMPLICATION UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 March 2019 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares and the Sale Debt for a cash consideration of HK\$19,500,000.

THE SALE AND PURCHASE AGREEMENT

Set out below are the salient terms of the Sale and Purchase Agreement:

Date: 11 March 2019

Parties: (1) the Company, as the vendor; and
(2) the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are Independent Third Party of the Company and its connected persons (as defined in the Listing Rules).

The Disposal

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares and the Sale Debt.

The Target Company is the legal and beneficial owner of Property 1 and the Subsidiary, which in turn is the legal and beneficial owner of Property 2. Property 1 and Property 2 are Office A and Office B located on a floor of Aubin House, Nos. 171 & 172 Gloucester Road, Hong Kong respectively. Property 1 and Property 2 are commercial offices with gross floor area of approximately 610 square feet and approximately 610 square feet respectively. The Properties are located in a prime area of Hong Kong, which is near to the Wanchai MTR station and Causeway Bay MTR station. They are designated for commercial use and shall be sold to the Purchaser free from Encumbrances on an "as-is" basis.

The Sale Debt consists of the whole amount, including principal and interest, owed to the Company by the Target Company and the Subsidiary.

The Consideration

The Consideration for the Disposal shall be HK\$19,500,000 which shall be payable by the Purchaser to the Company in the following manners:

- (a) Initial deposit in the sum of HK\$2,925,000 has been paid by the Purchaser to the Company upon the signing of the Sale and Purchase Agreement; and
- (b) The balance of HK\$16,575,000 being the balance of the Consideration shall be payable by the Purchaser to the Company on Completion.

The Consideration allocated for the Sale Debt shall be the amount of the Sale Debt and the balance of the Consideration shall be allocated for the Sale Shares.

The Consideration of HK\$19,500,000 was determined after considering the prevailing market value of the properties of similar nature available in the localities as determined by an Independent Third Party valuer. The Directors believe that the above provides a reasonable basis for its assessment of the value of the Properties and the Sale Debt.

If any of the conditions precedent is not fulfilled (or not waived by the Purchaser) on or before 31 May 2019, the Company shall fully refund the Deposit to the Purchaser within three Business Days. In the event where the Purchaser fails to perform their obligations under the Sale and Purchase Agreement, the Company shall have the rights to sue for specific performance or other rights which the Company may have in respect of such breach, be entitled to rescind the Sale and Purchase Agreement by notice in writing to the Purchaser and the Company shall be entitled to forfeit the Deposit absolutely as liquidated damages but not as penalty, and to re-sell the Sale Shares and the Sale Debt to anyone they think fit. In the event where the Company fails to complete the sale of the Sale Shares or the Sale Debt in accordance with the terms of the Sale and Purchase Agreement (other than as a result of the default or fault of the Purchaser), the Purchaser shall, without prejudice to its rights including the right to sue for specific performance or other rights which the Purchaser may have in respect of such breach, be entitled to rescind the Sale and Purchase Agreement by notice in writing to the Company and the Company shall, within three Business Days, fully refund the Deposit to the Purchaser and pay an additional sum equivalent to the Deposit to the Purchaser as agreed liquidated damages but not as penalty.

Conditions precedent

Completion is conditional upon the Purchaser being satisfied on or before the Completion Date, amongst others, that:

- (a) the Purchaser has no reasonable objection in its due diligence review on the business, financial, legal and other aspects of the Target Company and the Subsidiary;
- (b) the Company having a good title to the Sale Shares and Sale Debt, free from all Encumbrances, and the Sale Debt being all outstanding indebtedness or liabilities owing by the Target Company and/or the Subsidiary to the Company;
- (c) the Company having given and proved that the Target Company has a good title to Property 1 and the Subsidiary has a good title to Property 2 in each case in accordance with S.13 and S.13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) free from all Encumbrances; and
- (d) the Company's warranties remaining true and accurate and not misleading as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion date.

If any of the conditions precedent is not fulfilled (or not waived by the Purchaser) on or before 31 May 2019, the Purchaser shall be at liberty on giving to the Company not less than five Business Days notice in writing to annul the Sale and Purchase Agreement, in which case the Sale and Purchase Agreement shall at the expiration of the said notice be annulled.

Completion

Completion is expected to take place at or before 5:00 p.m. on 31 May 2019 after the fulfillment of all the conditions precedent or such other date as the Company and the Purchaser may mutually agree in writing on which Completion shall take place. Upon Completion, the Company will (i) transfer the ownership of the Sale Shares; and (ii) assign the title to, rights, interests and benefits attached to the Sale Debt to the Purchaser and each of the Target Company and the Subsidiary will cease to be a subsidiary of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI on 18 March 2016. It is principally engaged in property holding, which holds Property 1. The Subsidiary is a company incorporated in Hong Kong on 2 April 2008. It is principally engaged in property holding, which holds Property 2.

FINANCIAL INFORMATION OF THE TARGET GROUP

The unaudited financial information of the Target Group for the two years ended 31 December 2017 and 2018 is set out as follows:

	31 December 2018	31 December 2017
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover (represented rental income)	278	—
Net loss before taxation	(68)	(6)
Net loss after taxation	(68)	(6)

Upon Completion, the Group is expected to record an unaudited gain on the Disposal of approximate RMB1,852,000. Such unaudited gain is estimated based on the Consideration of HK\$19,500,000 (equivalent to approximately RMB16,702,000) less the unaudited net asset value of the Target Group of approximately RMB14,850,000 as at 31 December 2018. The actual gain on the Disposal may be different from the above and will be determined based on the final financial position of the Target Group on the date of Completion.

INFORMATION OF THE PURCHASER, THE COMPANY AND THE GROUP

The Purchaser is a company incorporated in the BVI with limited liability on 26 April 2016 and is an indirect wholly-owned subsidiary of Deson Construction. As at the date of this announcement, the principal activity of Deson Construction is investment holding and its subsidiaries are principal businesses are (i) construction business as a main contractor, fitting-out works and the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau and other construction related business; (ii) investment in securities; and (iii) property investment.

The Company is an investment holding company. The Company is the legal and beneficial owner of the Sale Shares and the Sale Debt. The principal activities of the Company as at the date of this announcement is investment holding and its subsidiaries are principally engaged in breeding and slaughtering of hogs and sale of pork products in the PRC.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in breeding and slaughtering of hogs and sale of pork products in the PRC.

The Properties are situated in a prime area in Hong Kong. The Disposal enables the Company to streamline the business of the Group so that more resources can be allocated to the existing business of the Company and to seek for other potential business opportunities.

The Board also intends to apply the net proceeds from the Disposal as general work capital of the Group.

The Directors, including the independent non-executive Directors, are of the view that the terms and conditions of the Sale and Purchase Agreement, including the Consideration, are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Huisheng International Holdings Limited (惠生國際控股有限公司), a company incorporated in the Cayman Islands with limited liability on 30 September 2011 and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1340), which is the legal and beneficial owner of the Sale Shares and the Sale Debt
“Completion”	completion of the Disposal

“Completion Date”	31 May 2019 being after fulfillment of all the conditions precedent stipulated in the Sale and Purchase Agreement or such other date as the Company and the Purchaser may mutually agree in writing on which Completion shall take place
“Consideration”	the sum of HK\$19,500,000
“Deposit”	the initial deposit in the total amount of HK\$2,925,000 paid by the Purchaser to the Company upon the signing of the Sale and Purchase Agreement
“Deson Construction”	Deson Construction International Holdings Limited (迪臣建設國際集團有限公司), a company incorporated in the Cayman Islands with limited liability on 18 July 2014 and the issued shares of which are listed on the GEM (Stock Code: 8268)
“Disposal”	the disposal of the Sale Shares and the Sale Debt by the Company
“Director(s)”	director(s) of the Company
“Encumbrance”	any charge, claim, equitable interest, lien, option, pledge, bill of sale, security interest, right of first refusal, or similar restriction of any kind (including any restriction on use, voting, transfer, receipt of income, or exercise of any other ownership interest) or interest under any contract or trust or any other third party interest of whatsoever nature over or in the relevant shares, assets or property; and “encumber” means to create, or permit to be created or subsisting, any of the foregoing
“GEM”	GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third person who is independent of the Company and its connected persons and who is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	collective, the Property 1 and the Property 2
“Property 1”	Office A located on a floor of Aubin House, Nos. 171 & 172 Gloucester Road, Hong Kong, a property held under the name of the Target Company
“Property 2”	Office B located on a floor of Aubin House, Nos. 171 & 172 Gloucester Road, Hong Kong, a property held under the name of the Subsidiary
“Purchaser”	New Stream Holdings Limited, a company incorporated in BVI with limited liability on 26 April 2016 and is an indirect wholly-owned subsidiary of Deson Construction
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 March 2019 entered into between the Company and the Purchaser in relation to the Disposal
“Sale Debt”	100% of all amounts, including principal and interest, owing by the Target Company and the Subsidiary to the Company as at the Completion Date
“Sale Shares”	50,000 shares of US\$1.00 each in the capital of the Target Company which is legally and beneficially owned by the Company and represents the entire issued share capital of the Target Company as at the date hereof and shall remain so as at Completion
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary”	Sunny Harvest Limited (耀豐有限公司), a private company incorporated in Hong Kong with limited liability on 2 April 2008, which is the legal and beneficial owner of Property 2 and is a wholly-owned subsidiary of the Target Company
“Target Company”	Simple Rise Inc. (易發有限公司), a company incorporated in the BVI on 18 March 2016, which is the legal and beneficial owner of Property 1 and the sole owner of the entire share capital of the Subsidiary
“Target Group”	Target Company and its Subsidiary
“%”	per cent.

The exchange rate adopted in this announcement for illustration purpose only is HK\$1.00 = RMB0.8565.

By Order of the Board
Huisheng International Holdings Limited
Chan Chi Ching
Executive Director

Hong Kong, 11 March 2019

As at the date of this announcement, the Board comprises Mr. Chan Chi Ching, Dr. Liu Ta-pei, Ms. Lam Ka Lee and Mr. Suen Man Fung as executive Directors; and Mr. Wong Yuk Lun, Alan, Mr. Deng Jinping and Mr. Wong King Shiu, Daniel as independent non-executive Directors.