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HUISHENG INTERNATIONAL HOLDINGS LIMITED

惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1340)

Placing Agent



太陽證券有限公司
SUN SECURITIES LIMITED

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 18 July 2017 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 173,692,000 Placing Shares at the Placing Price of HK\$0.40 per Placing Share to currently expected not less than six Placées who and whose beneficial owners shall be Independent Third Parties.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 173,692,000 Placing Shares under the Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 868,470,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,736,920.

The Placing Price of HK\$0.40 per Placing Share represents a discount of approximately 6.54% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.42 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.428 in the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$69,477,000. The maximum net proceeds from the Placing will amount to approximately HK\$67,900,000. The Company intends to apply the net proceeds from the Placing: (i) as to HK\$28 million reserved for loan principals to the potential borrowers under the money lending business newly set up by the Group; (ii) as to HK\$20 million for repayment of the borrowings; and (iii) as to approximately HK\$19.9 million for the general working capital of the Group's existing business and/or other potential business development opportunities as considered appropriate.

Shareholders and potential investors of the Company should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

18 July 2017 (after trading hours)

Issuer

The Company

Placing Agent

Sun Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 173,692,000 Placing Shares to independent Placees. The Placing Agent will receive a placing commission of 2.0% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its associates are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Placees

The Placing Agent will, on a best endeavour basis, place the Placing Shares to currently expected not less than six Placees who and whose ultimate beneficial owner(s) are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company. If any of the Placees will become a substantial shareholder of the Company after completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 173,692,000 Placing Shares under the Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 868,470,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,736,920.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.40 per Placing Share represents a discount of approximately 6.54% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.42 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.428 in the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Under the General Mandate, the Company is authorised to issue up to 173,694,000 new Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate.

Conditions of the Placing

Completion of the Placing was conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (i) the passing by the Board of resolutions to approve the Placing Agreement and the transactions contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Placing Shares; and

- (iii) all necessary consents and approvals required to be obtained (if any) by the Company and the Placing Agent in respect of the Placing Agreement and the transactions contemplated thereunder, including but not limited to the Placing having been obtained.

If the conditions set forth above remain unfulfilled on the Long Stop Date or such later date mutually agreed by both the Company and the Placing Agent, the Placing Agreement should be terminated and all rights, obligations, liabilities of the parties thereunder in relation to the Placing should cease and determine and the Placing Agent should be released from all obligations pursuant to the Placing Agreement and none of the parties should have any claim against each other in respect of the Placing save for any antecedent breach.

Termination of the Placing

Under the Placing Agreement, the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the above paragraphs, all liabilities of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The Directors are of the view that the Placing will strengthen the financial position of the Group to be able to fund any potential development and investment opportunities to be identified by the Company without any interest burden. It can also broaden the shareholders base and the capital base of the Company.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be approximately HK\$69,477,000. The maximum net proceeds from the Placing will amount to approximately HK\$67,900,000. The Company intends to apply the net proceeds from the Placing: (i) as to HK\$28 million reserved for loan principals to the potential borrowers under the money lending business newly set up by the Group; (ii) as to HK\$20 million for repayment of the borrowings; and (iii) as to approximately HK\$19.9 million for the general working capital of the Group's existing business and/or other potential business development opportunities as considered appropriate.

The maximum net price raised upon the completion of the Placing will be approximately HK\$0.391 per Placing Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)		Intend use of proceeds	Actual use of proceeds (approximately)
15 December 2016	the issue of 289,490,000 rights Shares to the qualifying shareholders at a subscription price of HK\$0.50 per rights Share on the basis of one (1) rights Share for every two (2) existing Shares.	HK\$87.82 million		For repayment of the borrowings of the Group	Fully used as intended
		HK\$52.71 million	HK\$8.67 million	For payment of finance cost	HK\$3.17 million was used as intended. The remaining balance of fund raised of HK\$5.5 million is not yet due for payment, in order to utilize the idle cash and seek for short term return in accordance to the treasury policy as adopted by the Company, the Group used HK\$1.24 million for acquiring listed securities.
			HK\$3.24 million	For payment of legal and professional fee	HK\$2.84 million was used as intended
			HK\$2.45 million	For payment of staff and related cost	HK\$1.61 million was used as intended
			HK\$0.82 million	For payment of rental and office expenses	HK\$0.32 million was used as intended
			HK\$2.40 million	For payment of other administrative expenses	HK\$1.40 million was used as intended
			HK\$35.13 million	For future business opportunities	HK\$0.15 million was used for setting up a licensed money lending company. In order to utilize the idle cash and seek for short term return in accordance to the treasury policy as adopted by the Company, the Group used HK\$34.98 million for acquiring listed securities.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and immediately before the completion of the Placing; and (ii) immediately after completion of the Placing are set out below:

Name of Shareholders	As at the date of this announcement and immediately before the completion of the Placing		Immediately after the completion of the Placing	
	Number of Shares	Approximately % (Note 3)	Number of Shares	Approximately % (Note 3)
Shareholders				
Able Power Corporate Development Limited (“Able Power”) (Note 1)	68,681,092	7.91%	68,681,092	6.59%
Mr. Wong Kui Shing, Danny (“Mr. Wong”)	81,000	0.01%	81,000	0.01%
Public Shareholders				
The Placees (Note 2)	–	–	173,692,000	16.67%
Other public Shareholders	799,707,908	92.08%	799,707,908	76.73%
Total	868,470,000	100%	1,042,162,000	100%

Notes:

1. These Shares are legally owned by Able Power which was wholly and beneficially owned by Mr. Wong. By virtue of the SFO, Mr. Wong is deemed to be interested in the 68,681,092 Shares.
2. The Placing Shares will be placed by the Placing Agent to currently expected not less than six Placees who are Independent Third Parties.
3. The percentages are subject to rounding difference, if any.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“AGM”	the annual general meeting of the Company held on 30 June 2017
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Huisheng International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1340)
“Completion Date”	the fourth (4th) Business Day after the date on which all the conditions precedent under the Placing Agreement are satisfied (or such other date as the Company and the Placing Agent may agree in writing)
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	8 August 2017 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best endeavour basis, of 173,692,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Sun Securities Limited, a licensed corporation to carry on business in Type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 18 July 2017 in relation to the Placing
“Placing Price”	HK\$0.40 per Placing Share
“Placing Share(s)”	up to 173,692,000 new Shares to be allotted and issued pursuant to the Placing Agreement

“Previous Announcements”	all the announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 December 2016
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 18 July 2017

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