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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)

**(1) DISCLOSEABLE TRANSACTION  
IN RELATION TO THE ACQUISITION OF A HOG BREEDING FARM  
AND  
(2) CHANGE IN THE USE OF PROCEEDS  
FROM THE GLOBAL OFFERING**

### **THE ACQUISITION**

The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor on 19 December 2014, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase all assets in the Target Breeding Farm. The consideration for the Acquisition is RMB28.0 million (equivalent to approximately HK\$35.4 million) and will be settled by cash within 10 working days after the date of the Acquisition Agreement.

As one of the applicable percentage ratios as referred to in Chapter 14 of the Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **CHANGE IN THE USE OF PROCEEDS FROM THE GLOBAL OFFERING**

It is intended that the consideration for the Acquisition will be funded by the net proceeds from the Global Offering which was originally intended to be used for developing the Dingjiagang Xiang Breeding Farm and part of the net proceeds which was originally intended to be used for developing the Huangtudian Breeding Farm. Accordingly, there will be a change in the use of proceeds from the Global Offering.

## THE ACQUISITION

The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor on 19 December 2014, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase all assets in the Target Breeding Farm. Details of the Acquisition are as follows:

**Date:** 19 December 2014

**Parties:** (1) Liu Zhongquan (劉中全), as the Vendor; and  
(2) Taoyuan County Huisheng Meat Products Company Limited (桃源縣惠生肉業有限公司), as the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party. As at the date of the Acquisition Agreement, the Vendor wholly and beneficially owned the Target Breeding Farm and the assets thereof.

### Assets to be acquired

The assets to be acquired pursuant to the Acquisition Agreement are all assets in the Target Breeding Farm, including but not limited to: (i) the land use rights of the parcel of land located in Qinglin Xiang (青林鄉), Changde, Hunan Province, where the Target Breeding Farm is situated at, with a total site area of approximately 65.86 mu (equivalent to approximately 43,906.67 square metres) and a term of 20 years expiring in September 2032; (ii) 21 blocks of pigsties and 3 blocks of dormitories; and (iii) all the properties, forestry, roads, machinery, equipment, facilities and other assets and information of the Target Breeding Farm.

The Vendor will use his best endeavour to assist the Purchaser to apply for the changes of governmental certificates and licences of the Target Breeding Farm.

### Consideration

The completion of the Acquisition is unconditional. The consideration for the Acquisition is RMB28.0 million (equivalent to approximately HK\$35.4 million), which will be settled by the Purchaser in cash within 10 working days after the date of the Acquisition Agreement.

The consideration for the Acquisition is on normal commercial terms and was arrived at after arm's length negotiations between the Purchaser and the Vendor, after taking into consideration of various factors, including but not limited to the location and size of the Target Breeding Farm, the state of properties, machinery, equipment and facilities therein as well as those factors stated in the section

headed “Reasons for and benefits of the Acquisition” in this announcement, with reference to the market price of agricultural land proximate to the Target Breeding Farm and the estimated investment cost of the Dingjiagang Xiang Breeding Farm. No information on the net profits (both after and before tax and extraordinary items) attributable to the assets to be acquired pursuant to the Acquisition Agreement for the past two financial years immediately preceding the Acquisition is available to the Company since the historical financial information of the Target Breeding Farm have not been prepared and presented on a standalone basis.

It is intended that the consideration for the Acquisition will be funded by the net proceeds from the Global Offering which was originally intended to be used for developing the Dingjiagang Xiang Breeding Farm and part of the net proceeds which was originally intended to be used for developing the Huangtudian Breeding Farm.

## **INFORMATION ABOUT THE GROUP AND THE VENDOR**

The Company is an investment holding company and through its subsidiaries, is principally engaged in the production and sale of pork products. The Group’s operation mainly involves hog slaughtering as well as hog breeding and hog farming.

The Vendor is an individual who is principally engaged in hog breeding and hog farming. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The size of the Target Breeding Farm is at least 30% larger than the proposed scale of the Dingjiagang Xiang Breeding Farm, which can provide the Group with a larger breeding base with higher hog breeding and farming capacity. It is believed that the annual output can be further increased due to the larger capacity available. Furthermore, the Target Breeding Farm is located at Qinglin Xiang (青林鄉), Changde, Hunan Province, which is close to the original proposed site of the Dingjiagang Xiang Breeding Farm. Hence, the arrangement of hog feed, breeder hogs as well as the technical staff originally planned for the Dingjiagang Xiang Breeding Farm can still be effectively utilised at the Target Breeding Farm without any material adverse impact to the Group notwithstanding the change of location. In addition, the Target Breeding Farm is currently equipped with ready-to-use machinery, equipment, facilities, pigsties and other properties, holds the required governmental certificates and licences and is readily available for operations, which can therefore bring forward the operational commencement date of the Group’s new breeding farm. The Company believes the Acquisition will save the time required for constructing a new breeding farm, and also reduces the uncertainties and risks that may arise therefrom. The Acquisition is also in line with the Group’s business strategy to continue to expand and vertically integrate its operations.

The Directors are of the view that the Acquisition is on normal commercial terms, and its terms and conditions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios as referred to in Chapter 14 of the Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

It is intended that the consideration for the Acquisition will be funded by the part of the net proceeds from the Global Offering which was originally intended to be used for developing the Dingjiagang Xiang Breeding Farm and the Huangtudian Breeding Farm. In addition, the planned construction of the Huangtudian Breeding Farm and the Group's new hog breeding farms at Wuxihe Xiang, Taoyuan County (桃源縣沅溪河鄉), Changde City, Hunan Province may not be completed in 2014 as planned because of the opposition of some of the residents around the proposed sites. The Group is currently constructing a new breeding farm in Taoyuan County at a site near the originally planned Wuxihe Xiang site. For the Huangtudian Breeding Farm, the Group is currently negotiating with the local government to allow us to implement our original plan, while it is also identifying alternative locations for developing new hog breeding farms and other existing breeding farms for acquisition to expand its farming capacity. Accordingly, there will be a change in the use of proceeds from the Global Offering.

The Directors now intend to apply the net proceeds from the Global Offering as follows:

- (1) approximately HK\$63.5 million (equivalent to approximately RMB50.2 million) will be used for the purchase of freezer storage facilities for phase two of the Group's new production base for slaughtering and processing situate at Changde Economic and Technological Development Zone (常德經濟技術開發區), Hunan Province, which is in accordance with that stated in the Prospectus;
- (2) approximately HK\$49.2 million (equivalent to approximately RMB38.9 million) will be used for developing the Group's new hog breeding farm to be constructed in Taoyuan County (桃源縣), Changde, Hunan Province, which is at a site near the originally planned Wuxihe Xiang site;
- (3) approximately HK\$35.4 million (equivalent to approximately RMB28.0 million) will be used for the Acquisition; and

- (4) approximately HK\$14.8 million (equivalent to approximately RMB11.7 million) will be used for constructing or acquiring new hog breeding farms in Changde, Hunan Province.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“ <b>Acquisition</b> ”	the acquisition of all assets of the Target Breeding Farm by the Purchaser pursuant to the Acquisition Agreement
“ <b>Acquisition Agreement</b> ”	the agreement dated 19 December 2014 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“ <b>Board</b> ”	the board of Directors
“ <b>Company</b> ”	Huisheng International Holdings Limited (惠生國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the main board of the Stock Exchange
“ <b>Dingjiagang Xiang Breeding Farm</b> ”	the Group’s hog breeding farm which was originally planned to be constructed in Dingjiagang Xiang, Hunan Province, the PRC
“ <b>Directors</b> ”	the directors of the Company
“ <b>Global Offering</b> ”	the offering of the shares of the Company for subscription and sale pursuant to and as described in the Prospectus
“ <b>Group</b> ”	the Company and its subsidiaries
“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC
“ <b>Huangtudian Breeding Farm</b> ”	the hog breeding farm which was originally planned to be constructed by the Group in Huangtudian Town, Dingcheng District (鼎城區黃土店鎮), Changde, Hunan Province, the PRC
“ <b>Independent Third Party</b> ”	any person or company which is a third party independent of the Company and its connected persons (as defined in the Listing Rules)
“ <b>Listing Rules</b> ”	the Rules Governing the Listing of Securities on the Stock Exchange

“ <b>PRC</b> ”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“ <b>Prospectus</b> ”	the prospectus of the Company dated 17 February 2014 in relation to the Global Offering
“ <b>Purchaser</b> ”	Taoyuan County Huisheng Meat Products Company Limited (桃源縣惠生肉業有限公司), a company established in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company
“ <b>Shareholder(s)</b> ”	holder(s) of the issued share(s) of the Company
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited
“ <b>Target Breeding Farm</b> ”	a hog breeding farm located in Qinglin Xiang (青林鄉), Changde, Hunan Province, being wholly-owned by the Vendor before completion of the Acquisition
“ <b>Vendor</b> ”	Liu Zhongquan (劉中全), an Independent Third Party
“ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency of Hong Kong
“ <b>RMB</b> ”	Renminbi, the lawful currency of the PRC
“ <b>%</b> ”	per cent.

*In this announcement:*

- (1) *amounts denominated in RMB have been translated into HK\$ at the rate of RMB1.00 = HK\$1.266 for illustration purpose only.*
- (2) *the English names of PRC nationals, entities, facilities and localities are unofficial translation or transliteration from their Chinese names and are for identification purposes only; and*

By order of the Board  
**HUIHENG INTERNATIONAL HOLDINGS LIMITED**  
Ding Biyan  
Chairman

Hong Kong, 19 December 2014

*As at the date of this announcement, the Board comprises Mr. Ding Biyan, Mr. Yu Jishi, Mr. Ding Jingxi and Mr. Zhou Shigang as executive Directors; Mr. Zhang Zhizhong as non-executive Director; and Mr. Ma Yiu Ho, Peter, Mr. Deng Jinping and Mr. Liao Xiujian as independent non-executive Directors.*