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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "**Board**") of directors (the "**Directors**") of Huisheng International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** ***RMB'000***	2014 *RMB'000*
Revenue	*5*	**1,514,428**	1,202,419
Cost of sales		**(1,346,758)**	(1,047,945)
Gross profit		**167,670**	154,474
Other income	*5*	**5,777**	4,887
Losses arising from changes in fair value less costs to sell of biological assets		**(363)**	(2,361)
Selling and distribution expenses		**(21,424)**	(16,549)
Administrative expenses		**(25,595)**	(26,237)
Finance costs	*7*	**(8,693)**	(10,101)
Profit before taxation		**117,372**	104,113
Taxation	*8*	**-**	-
Profit for the year	*9*	**117,372**	104,113
Other comprehensive income/(loss) for the year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**2,565**	(335)
Other comprehensive income/(loss) for the year, net of income tax		**2,565**	(335)
Total comprehensive income for the year		**119,937**	103,778

	Notes	**2015**	2014
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**116,694**	103,612
Non-controlling interests		**678**	501
		117,372	104,113
Total comprehensive income for the year attributable to:			
Owners of the Company		**119,259**	103,277
Non-controlling interests		**678**	501
		119,937	103,778
Earnings per share attributable to owners of the Company	*10*		
Basic and diluted (RMB cents per share)		**25.9**	25.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*12*	**640,530**	377,630
Prepaid lease payments		**34,360**	34,419
Biological assets		**28,743**	21,424
Deposits and prepayments for property, plant and equipment		**30,466**	5,350
Available-for-sale investment		**1,500**	1,500
		735,599	440,323
Current assets			
Biological assets		**25,909**	14,762
Inventories		**13,319**	13,214
Prepaid lease payments		**840**	773
Trade receivables	*13*	**183,847**	134,490
Prepayments, deposits and other receivables		**17,858**	795
Bank balances and cash		**249,783**	366,894
		491,556	530,928
Current liabilities			
Trade payables	*14*	**140,107**	117,324
Accruals and other payables		**30,924**	24,684
Amount due to a shareholder		**1,992**	1,894
Bank borrowings - due within one year	*15*	**76,731**	43,000
Deferred revenue		**49**	55
		249,803	186,957
Net current assets		**241,753**	343,971
Total assets less current liabilities		**977,352**	784,294
Non-current liabilities			
Loan from government		**476**	440
Notes payable	*16*	**59,816**	57,695
Deferred revenue		**378**	433
		60,670	58,568
Net assets		**916,682**	725,726
Equity			
Share capital		**3,801**	3,168
Reserves		**907,326**	717,681
Equity attributable to owners of the Company		**911,127**	720,849
Non-controlling interests		**5,555**	4,877
Total equity		**916,682**	725,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

1. REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2015 have been reviewed by the audit committee of the Company.

2. GENERAL INFORMATION

The Company is incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Room 901, 9th Floor, Loon Kee Building, 267-275 Des Voeux Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in hog breeding, hog slaughtering and sale of pork products in the People's Republic of China (the "**PRC**").

3. REORGANISATION

Pursuant to the pre-listing reorganisation of the Group (the "**Reorganisation**") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the Group on 10 November 2011. The Reorganisation was completed by interspersing the Company, Huisheng Food Holdings Limited ("**Huisheng (BVI)**"), Hongkong Huisheng Meat Food Limited ("**Hongkong Huisheng**") between Hunan Huisheng Meat Products Company Limited ("**Hunan Huisheng**") and the shareholders of Hunan Huisheng. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Details of the Reorganisation were set out in the paragraph headed "The Reorganisation" in the section headed "Corporate history, development and Reorganisation" in the prospectus of the Company dated 17 February 2014 (the "**Prospectus**").

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of the new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") (which included all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. A summary of the new and revised HKFRSs are set out as below:

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above amendments to HKFRSs and HKAS in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in the Group's consolidated financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") issued by the Stock Exchange in relation to the disclosure of financial information with reference to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) during the reporting period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective in the consolidated financial statements:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS7 and HKAS 39[4]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[2]
HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27	Equity Method in Separate Financial Statements[1]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group.
4 No mandatory effective date is determined but is available for early adoption.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

5. REVENUE AND OTHER INCOME

An analysis of the Group's revenue for the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of pork products	**1,504,308**	1,196,157
Others (*note*)	**10,120**	6,262
	1,514,428	1,202,419

Note: Others include processed pork products, porkers and slaughtering services.

	2015	2014
	RMB'000	*RMB'000*
Other income		
Interest income on:		
Bank deposits	**1,009**	1,222
Amortisation of deferred revenue	**52**	86
Total interest income	**1,061**	1,308
Government grants (*note*)	**4,018**	2,530
Net foreign exchange gains	**-**	885
Gains from selling of non-current biological assets, net	**672**	163
Sundry income	**26**	1
	5,777	4,887

Note: Government grants mainly represent incentive subsidies granted by the PRC government authorities in relation to processing of ill hogs and subsidies on interest expenses of collective notes. There are no conditions or limitations attached to these subsidies by the respective PRC government authorities.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("**CODMs**"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance. The operation of the Group constitutes one reportable segment, i.e. slaughtering and trading of pork products. This is also the basis upon which the Group is arranged and organised.

The information reported to the CODMs for the purpose of resource allocation and assessment of performance, is with reference to profit before taxation and assets which do not contain the losses arising from changes in fair value less costs to sell of biological assets. In the reports to the CODMs, the biological assets are stated at cost but the biological assets are stated at their fair value less costs to sell under the consolidated financial statements. The differences between the profit before taxation and assets reported to the CODMs and those in the consolidated financial statements are as follows:

	2015	2014
	RMB'000	*RMB'000*
Segment profit before taxation reported to the CODMs	**117,735**	106,474
Add:		
Losses arising from changes in fair value less costs to sell of biological assets (*note*)	**(363)**	(2,361)
Profit before taxation reported in the consolidated financial statements	**117,372**	104,113

Note: The amounts represent fair values changes in live hogs at the end of the reporting period.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in the reporting period.

	2015	2014
	RMB'000	*RMB'000*
Segment assets reported to the CODMs	**917,045**	728,087
Add:		
Losses arising from changes in fair value less costs to sell of biological assets (*note*)	**(363)**	(2,361)
Net assets reported in the consolidated financial statements	**916,682**	725,726

Note: The amounts represent fair values changes in live hogs at the end of the reporting period.

As the Group's segment liabilities are not regularly provided to CODMs for review, the measurement of total liabilities for the respective segment is not presented.

Geographical information

The Group's revenue from external customers by geographical locations in the PRC during the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Hunan Province	**1,259,522**	1,016,125
Guangdong Province	**148,596**	91,625
Beijing City	**5,741**	21,741
Others	**100,569**	72,928
	1,514,428	1,202,419

The Group's non-current assets are principally attributable to a single geographical region, which is the PRC, and accordingly, no further geographical segment information is presented.

The Group's geographical concentration risk is mainly in Hunan Province, which accounted for approximately 83% of the total revenue for the year ended 31 December 2015 (2014: approximately 85%).

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group for the year ended 31 December 2015 (2014: nil).

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on:		
- Borrowings wholly repayable within five years	**3,005**	4,569
- Government loan (*note*)	**27**	61
- Notes payable	**5,661**	5,471
	8,693	10,101

Note: The amount represents the imputed interests on interest-free government loan.

8. TAXATION

	2015	2014
	RMB'000	*RMB'000*
Income tax expense	**-**	-

Hong Kong

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year ended 31 December 2015.

No provision for Hong Kong profits tax has been made as the Group's income neither arises nor is derived from Hong Kong.

PRC

The PRC Enterprise Income Tax (the "**PRC EIT**") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

According to the prevailing tax rules and regulations, Hunan Huisheng, which has been operating in the business of primary processing of agricultural products, was exempted from the PRC EIT during the period under review.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**26,849**	8,930
Amortisation of prepaid lease payments	**831**	776

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share	**116,694**	103,612

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**450,046**	402,484

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the year of approximately RMB116,694,000 (2014: RMB103,612,000) and the weighted average number of 450,046,000 (2014: 402,484,000) ordinary shares in issue during the reporting period.

The weighted average number of shares in issue for the year ended 31 December 2014 reflects the issuance of 100,000,000 and 2,484,000 shares in 2014 in connection with the Company's global offering (the "**Global Offering**").

No dilutive earnings per share is presented as there was no potential dilutive ordinary shares in issue during both years.

11. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Final dividend paid of HK$0.015 per ordinary share (2014: Nil)	**5,731**	-

During the year ended 31 December 2015, the Board declared and paid HK$0.015 per share or approximately HK$7,237,000 in aggregate as final dividend for the year ended 31 December 2014.

The Board recommends the payment of final dividend of HK$0.015 per share for the year ended 31 December 2015 (2014: HK$0.015).

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2015, the Group incurred costs for (i) building, (ii) plant and machinery, (iii) furniture, fixtures and equipment and (iv) construction in progress of approximately RMB54,525,000, RMB151,000, RMB1,170,000 and RMB233,903,000 respectively.

13. TRADE RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**183,847**	134,490

The Group offered credit period on sale of pork products of within 80 days. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 30 days	**169,719**	127,398
31 days to 60 days	**13,880**	6,424
61 days to 80 days	**-**	317
Over 81 days	**248**	351
Total	**183,847**	134,490

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions would apply to the receivables when there are events or changes in circumstances indicating that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and makes assessments on the collectability of overdue balances.

The group does not hold any collateral over these balances.

14. TRADE PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**140,107**	117,324

The Group was offered credit period on purchase of goods of within 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 30 days	**140,107**	103,461
31 days to 60 days	**-**	13,863
Total	**140,107**	117,324

15. BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Secured bank borrowings	**76,731**	43,000

The carrying amount of the Group's bank borrowings are all originally denominated in RMB, which is the functional currency of the Group, and HKD. The bank borrowings were secured by the Group's assets.

The ranges of effective interest rates (which also equates to contracted interest rates) on the Group's borrowings were as follows:

	2015	2014
	%	*%*
Fixed rate borrowings	**1.58-9.72**	7.38-8.96

16. NOTES PAYABLE

On 28 January 2013, Hunan Huisheng, as one of the issuers, has issued collective notes to independent third parties. The principal amount of the collective notes is RMB260 million in aggregate in the denomination of RMB100 each, of which RMB60 million was issued by Hunan Huisheng.

The collective notes carry interest at 5.9% per annum and are to be redeemed on the third anniversary from the date of issue. The principal amount of the collective notes of RMB260 million in aggregate is guaranteed by China Bond Insurance Co., Ltd.* (中債信用增進投資股份有限公司). Hunan Huisheng is not contingently liable for the liabilities of other joint issuers.

For details of the collective notes, please refer to the paragraph headed "Notes payable" in the section headed "Financial information" in the Prospectus.

	2015	2014
	RMB'000	*RMB'000*
At the beginning of the year	**57,695**	55,764
Interest charged at effective interest rate of 10.6% per annum (*note 7*)	**5,661**	5,471
Interest payable	**(3,540)**	(3,540)
At the end of the year	**59,816**	57,695

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the largest pork suppliers in Changde, Hunan Province, the PRC, and is principally engaged in the production and sale of pork products, and its operations mainly involve hog slaughtering as well as hog breeding and hog farming. The Group's pork product line ranges from fresh, chilled and frozen pork, to side products as well as processed pork products including cured pork and sausages.

The Group's long term development strategies are to enhance its hog breeding and farming capacity and reduce the reliance on hogs procured from third parties in order to improve the overall quality of the pork products and also secure additional profits from the breeding and farming business. During the year of 2014, the Group constructed and acquired a few breeding farms in Changde, and these breeding farms have commenced operations in 2015. Furthermore, in June and July 2015, the Group acquired (i) a breeding farm in Tian He with a site area of approximately 107mu (equivalent to approximately 71,333.69 square metres) at the consideration of RMB54 million, (ii) a breeding farm in Fengshu Xiang with a site area of approximately 101mu (equivalent to approximately 67,333.67 square metres) at the consideration of RMB90 million, and (iii) a fattening farm in Bianshanpu with a site area of approximately 39mu (equivalent to approximately 26,000 square metres) for RMB19 million. It is expected that these farms can breed up to 8,000 sows and bring about 160,000 hogs per year in full capacity. The Group also entered into two agreements for the acquisition of two fattening farms in January 2016 in Changde. The Group will continue to locate appropriate farms for expanding its hog breeding and farming capacity.

For the year ended 31 December 2015, the slaughtering volume of the Group increased by approximately 10.7% to approximately 953,000 heads of hogs as compared with 2014. This was mainly due to the expanded slaughtering capacity provided by the Group's new production base at Changde Economic and Technology Development Zone, Hunan Province, which commenced operation in the first quarter of 2014. With those additional freezer storage facilities, the Group could also distribute more products to farther places such as cities in Hubei Province or Guangdong Province and increase our market penetration rate to other provinces in the PRC.

In May 2015, the Company entered into a placing and subscription agreement for the placing of 80,000,000 ordinary shares of the Company to not less than six independent investors (the "**Top-up Placing**"). The Top-up Placing was completed in May 2015 and has raised net proceeds of approximately HK$97 million, and such proceeds have been used in the acquisition of new farms and also the related improvement works. The Top-up Placing not only broadened the Company's shareholder base and strengthened its capital bases, but also helps the Group with the implementation of its development strategy with the proceeds raised.

Results of Operations

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB1,514.4 million, representing an increase of approximately 25.9% from approximately RMB1,202.4 million for the year ended 31 December 2014. Such increment was mainly due to the growth in the hog slaughtering volume, which was increased by approximately 10.7% compared with the same period of last year due to the enhanced slaughtering capacity and technology.

The average gross profit margin of the Group for the year ended 31 December 2015 was approximately 11.1% compared to approximately 12.8% for the year ended 31 December 2014. Although the average selling price of major pork products increased gradually during 2015, the average cost of hogs rose at a relatively faster pace, leading to a decrease in the average gross profit margin. The average selling prices of major pork products have recovered at a larger scale during the second half of 2015, and it is expected that such trend will continue and contribute to a better result for the Group in 2016.

The other income of the Group increased by approximately RMB0.9 million from approximately RMB4.9 million for the year ended 31 December 2014 to approximately RMB5.8 million for the year ended 31 December 2015, which was mainly attributable to the increase in government grant.

It is the Group's strategy to continue to explore new markets outside Hunan Province. In 2015, the Group distributed more pork products to other provinces such as Guangdong and Hubei. This resulted in an increase in the selling and distribution expenses of the Group for the year ended 31 December 2015 by approximately RMB4.9 million to approximately RMB 21.4 million. The Group's selling and distribution expenses as a percentage of revenue remained relatively stable at approximately 1.41% and 1.38% for the years ended 31 December 2015 and 2014 respectively.

For the year ended 31 December 2015, the administrative expenses of the Group were approximately RMB25.6 million, while it was approximately RMB26.2 million in 2014. The difference was primarily due to the one-off listing expenses of approximately RMB7.8 million during 2014 and the expansion of business scale of the Group in 2015.

The Group's finance costs reported a decrease of approximately 13.9% to approximately RMB8.7 million for the financial year ended 31 December 2015. The decrease was mainly due to the restructuring of the bank loans combination.

The profit attributable to owners of the Company in 2015 was approximately RMB116.7 million, representing an increase of approximately 12.6% as compared with the same period of 2014. The increase was mainly contributed by the revenue growth as discussed above.

Liquidity, Financial Resources and Funding and Treasury Policy

As at 31 December 2015, the Group had bank and cash balances of approximately RMB249.8 million (31 December 2014: approximately RMB366.9 million). The Group also had net current assets of approximately RMB241.8 million, which decreased by approximately RMB102.2 million as compared with that as at 31 December 2014 mainly attributable to the increase in bank borrowings and a decrease in bank balances and cash, which was mainly used in the acquisition of property, plant and equipment. The total non-current assets of the Group were approximately RMB735.6 million as at 31 December 2015 (31 December 2014: approximately RMB440.3 million). The increase in the Group's total non-current assets was mainly attributable to the capital expenditure in the new breeding farms.

As at 31 December 2015, the Group had several outstanding bank loans with an aggregate amount of approximately RMB76.7 million with fixed interest rates ranging from 1.58% to 9.72% per annum. In January 2013, the Group issued collective notes to institutional investors of the Inter-bank Bond Market of the PRC at the principal amount of RMB60 million with a fixed interest rate at 5.9% per annum. The collective notes were redeemed on the third anniversary from the date of issue.

The Group intends to finance its operations and investment with its operating revenue, internal resources and bank facilities. The Directors believe that the Group is in a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi and Hong Kong dollars for the year ended 31 December 2015. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 31 December 2015, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Charge of Group Assets

As at 31 December 2015, the Group has pledged certain buildings and prepaid lease payments of approximately RMB169.9 million.

Gearing Ratio

As at 31 December 2015, the Group's gearing ratio (being its total debts which are the summation of bank borrowings, notes payable, loan from government and amount due to a shareholder divided by its total equity and multiplied by 100%) was approximately 15.2% (31 December 2014: approximately 14.2%).

Foreign Exchange Exposure

Since almost all transactions of the Group were denominated either in Renminbi and Hong Kong dollars, and the exchange rates of such currencies were relatively stable over the years under review, the Directors believe that foreign exchange exposure does not have any significant adverse effect to the Group. Therefore, the Group has not implemented any formal hedging or other alternative policies to deal with such exposure.

Contingent Liabilities

As at 31 December 2015, the Directors were not aware of any material contingent liabilities.

Future Plans for Material Investments

Save as disclosed in the Prospectus and in the paragraph headed "Subsequent Events" below, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

On 29 June 2015, Taoyuan County Huisheng Meat Products Company Limited (桃源縣惠生肉業有限公司) ("**Taoyuan Huisheng**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Taoyuan County Si Xi Breeding Limited (桃源縣四喜養殖有限責任公司) (an independent third party to the Group) to acquire all assets and the land use rights (which will expire in December 2031) of a breeding farm located in Fengshu Xiang, Taoyuan County, Hunan Province at a consideration of RMB54 million. The said acquisition was completed in June 2015.

On 29 July 2015, Taoyuan Huisheng entered into an agreement with Deng Jie Wen (鄧杰文) (an independent third party to the Group) to acquire all assets and the land use rights (which will expire in March 2035) of Hong Feng breeding farm located in Fengshu Xiang, Taoyuan County, Hunan Province at a consideration of RMB90 million. The said acquisition was completed in July 2015.

SIGNIFICANT INVESTMENT

Save as described in this announcement, there was no other significant investment during the year.

SUBSEQUENT EVENTS

On 21 January 2016, Hunan Huisheng entered into an agreement with Huimin Holdings Limited ("**Huimin**") (which holds approximately 35.74% of the total issued share capital of the Company) to acquire all assets and the rights to use the parcel of land (which will expire in 2033) of Nan Zhu Shan fattening farm located in Nan Zhu Shan Village (楠竹山村), Xie Jia Pu Town (謝家鋪鎮), Changde City, Hunan Province at a consideration of RMB47 million. The said acquisition has not been completed yet as at the date of this announcement.

On 21 January 2016, Taoyuan Huisheng entered into an agreement with Jisheng Holdings Limited ("**Jisheng**") (which holds approximately 17.03% of the total issued share capital of the Company) to acquire all assets and the rights to use the parcel of land (which will expire in 2045) of Shang Si Ping fattening farm located in Shang Si Ping Village (尚寺坪村), Cha An Pu Town (茶庵鋪鎮), Changde City, Hunan Province at a consideration of RMB38 million. The said acquisition has not been completed yet as at the date of this announcement.

Save as disclosed above, no other subsequent events occurred after 31 December 2015 which may have a significant effect on the assets and liabilities or future operations of the Group.

DIVIDEND

The Board recommends the payment of final dividend of HK$0.015 per share for the year ended 31 December 2015 (2014: HK$0.015).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed about 525 staff and workers in Hong Kong and the PRC (31 December 2014: 486). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program. The Company adopted a share option scheme to enable it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions.

CAPITAL STRUCTURE

On 29 May 2015, the Company issued 80,000,000 new shares to Huimin, the controlling shareholder of the Company, for the completion of the Top-up Placing. The number of issued shares of the Company were then increased to 482,484,000 shares. Save as aforesaid, there has been no change in the capital structure of the Company for the year ended 31 December 2015.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

After deduction of all related listing expenses and commissions, the net proceeds from the Global Offering and the partial exercise of over-allotment option (as described in the Prospectus) amounted to approximately HK$162.9 million (equivalent to approximately RMB128.8 million). Up to 31 December 2015, the Group has fully utilized the net proceeds in accordance to the proposed usage as set out in Prospectus and the announcement of the Company dated 19 December 2014:

	Net proceeds (RMB million)		
	Available	**Utilised**	**Unutilised**
Acquisition of freezer storage facilities for the new production base	50.2	50.2	-
Construction of the breeding, farming and environmental facilities in a breeding farm in Taoyuan	38.9	38.9	-
Acquisition of a breeding farm in Qinglin Xiang, Changde, Hunan Province	28.0	28.0	-
Construction and acquiring new hog breeding farms in Changde, Hunan Province	11.7	11.7	-
	128.8	128.8	-

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2015.

COMPETING INTEREST

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the service contracts and letters of appointment entered into with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or any time during the year.

OUTLOOK AND FUTURE PROSPECTS

It is the Group's strategy and ultimate goal to streamline and vertically integrate its entire business operations by further implementing its breeding and farming model in order to maintain a stable supply of quality hogs and minimise the reliance on third party suppliers in the future. In January 2016, the Group has entered into an agreement with Huimin for the acquisition of all assets and the rights to use the parcel of land (which will expire in 2033) of Nan Zhu Shan fattening farm located in Nan Zhu Shan Village (楠竹山村), Xie Jia Pu Town (謝家鋪鎮), Changde City, Hunan Province at a consideration of RMB47 million. The Group also entered into an agreement with Jisheng for the acquisition of all assets and the rights to use the parcel of land (which will expire in 2045) of Shang Si Ping fattening farm located in Shang Si Ping Village (尚寺坪村), Cha An Pu Town (茶庵鋪鎮), Changde City, Hunan Province at a consideration of RMB38 million. The Company has proposed to issue 55,920,000 and 45,238,000 new shares of the Company to Huimin and Jisheng respectively for the settlement of the said considerations, and these are subject to approval by the independent shareholders of the Company in a general meeting.

The Company believes these two acquisitions will save the time required for constructing new fattening farms, and also reduces the uncertainties and risks that may arise therefrom. Furthermore, the consideration settlement method will provide more flexibility for the allocation of cash resources and cope with the development demand of our growing business.

The Group will follow its founding motto of "Quality Pork for the People's Well-being" to provide quality assured pork products to our customers. We will continue to invest in the self-breeding business and enhance the product safety and quality. Meanwhile, the Group will seek for opportunities for new investment or development, with an aim to broaden the business model and maximise the return for both the Group and the shareholders of the Company. The Group has recently entered into a negotiation with an independent third party in relation to a possible acquisition (the "**Possible Acquisition**") of the equity interests in companies (the "**Target Companies**") which are principally engaged in the provision of smart energy and agricultural and forestry waste treatment services in the PRC. The Group's management believes that the Possible Acquisition may give the Group an opportunity to enter into an industry with promising development potential. In addition, the Group's management will explore the feasibility of applying the technologies employed by the Target Companies into the Group's hog breeding farms by generating heat or electricity from the wastes of breeding and farming, which may alleviate the impact of rising waste treatment costs associated with the Group's increasing number of self-breeding hogs, and enable the Group's operations to be more environmental-friendly. As at the date of this announcement, no definitive agreement(s) has been entered by the Group, and further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the "**Code Provisions**") and certain recommended best practices contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company's standards of corporate governance practices.

The Company had complied with the Code Provisions during the year ended 31 December 2015.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company is primarily responsible for reviewing the financial reporting process, internal control system and the quality of the financial reports of the Company. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ma Yiu Ho, Peter, Mr. Deng Jinping and Mr. Liao Xiujian, with Mr. Ma Yiu Ho, Peter as its chairman. The Audit Committee has reviewed with the management the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2015. It has also discussed the financial reporting process and the internal control system of the Company with the management.

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong on Thursday, 2 June 2016 and the notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

i) from Tuesday, 31 May 2016 to Thursday, 2 June 2016, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM of the Company to be held on 2 June 2016, the register of members of the Company will be closed. In order to be eligible to attend and vote at the AGM of the Company, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 30 May 2016; and

ii) from Friday, 10 June 2016 to Tuesday, 14 June 2016, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed. In order to establish entitlements to the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 June 2016. The final dividend will be paid on or about Thursday, 30 June 2016 to the shareholders whose names appear on the register of members as on Tuesday, 14 June 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hsihl.com) and the Company's annual report for the year ended 31 December 2015 will be despatched to the shareholders of the Company and published on the Company's and the Stock Exchange's websites in due course.

By order of the Board
HUISHENG INTERNATIONAL HOLDINGS LIMITED
Ding Biyan
Chairman

Hong Kong, 22 March 2016

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.