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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)

**(1) DISCLOSABLE TRANSACTION:
FORMATION OF THE JOINT VENTURE
AND
(2) ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE**

(1) FORMATION OF THE JOINT VENTURE

On 30 November 2022, Hunan Huisheng (an indirect wholly-owned subsidiary of the Company) and the JV Partner entered into a JV Agreement, pursuant to which the parties agreed to establish the Joint Venture in Hunan Province, the PRC with a registered capital of RMB10 million, in which Hunan Huisheng and the JV Partner will obtain 60% and 40% equity interests of the Joint Venture respectively. The Joint Venture will be a subsidiary of the Company after the completion of the JV Agreement.

(2) ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE

On 30 November 2022, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue and allot for the Subscription Shares at the Subscription Price.

The Subscription Shares will be allotted and issued under the General Mandate.

IMPLICATIONS UNDER LISTING RULES

As one or more of the applicable percentage ratios in respect of the capital contribution of the Group pursuant to the JV Agreement is more than 5% but all are less than 25%, the transaction contemplated under the JV Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 30 November 2022, Hunan Huisheng (an indirect wholly-owned subsidiary of the Company) and the JV Partner entered into a JV Agreement, pursuant to which the parties agreed to establish the Joint Venture in Hunan Province, the PRC with a registered capital of RMB10 million, in which Hunan Huisheng and the JV Partner will obtain 60% and 40% equity interests of the Joint Venture respectively. The Joint Venture will be a subsidiary of the Company after the completion of the JV Agreement.

Furthermore, on 30 November 2022, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price.

The Subscription Shares will be allotted and issued under the General Mandate.

(1) FORMATION OF THE JOINT VENTURE

Date: 30 November 2022

Parties: (1) Hunan Huisheng; and
(2) the JV Partner

The Joint Venture is to be established with limited liability in accordance with the laws of the PRC and the provisions of the JV Agreement. The proposed name of the Joint Venture is Changde Xihu Huisheng Meat Products Limited* (subject to the final name as approved and registered by the relevant government authorities of the PRC).

Total Investment

The registered capital of the Joint Venture will be RMB10 million. The timing of capital contribution by each of the Hunan Huisheng and the JV Partner is subject to the request by the board of directors of the Joint Venture and should be injected (either by cash or assets) within 1 year after the date of signing of the JV Agreement. Hunan Huisheng agreed to contribute RMB6 million and will be settled by cash. The JV Partner agreed to contribute RMB4 million and will be settled by fixed assets with valuation supported by relevant valuation report.

Such investment amount was determined after arm's length negotiation between the Group and the JV Partner and is based on the funding requirements of the Joint Venture. The investment to be made by the Group will be funded by internal resources of the Group.

Scope of Business of the Joint Venture

It is proposed that the Joint Venture will principally be engaged in the business of hog slaughtering and other related hog business in the PRC. The JV Partner will be responsible for, with the assistance from Hunan Huisheng, the application of slaughtering permit by the relevant government authorities.

Management of the Joint Venture

The board of directors of the Joint Venture will comprise three directors. Hunan Huisheng shall have the right to appoint two directors, and the JV Partner shall have the right to appoint one director. The chairman of the board of directors of the Joint Venture will be a director nominated by Hunan Huisheng. Each director of the Joint Venture shall have one vote and the resolutions must be passed by 2/3 out of all directors of the Joint Venture.

Hunan Huisheng will be responsible for the operation of the Joint Venture with a mature system and operation standards, with the objective to provide high quality service.

Distribution of Profit

Hunan Huisheng and the JV Partner will share the profits and losses of the Joint Venture in proportion to their respective equity interests in the Joint Venture.

INFORMATION ABOUT THE GROUP AND THE JV PARTNER

The Company is an investment holding company. Hunan Huisheng is a company incorporated in the PRC with limited liability. It is mainly engaged in the hog slaughtering and sale of pork products in the PRC.

The JV Partner is a PRC state-owned enterprise with limited liability. It is mainly engaged in plant and sale of agricultural products. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the JV Partner and its ultimate beneficial owner(s) are Independent Third Parties.

(2) ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE

Date: 30 November 2022

Parties: (1) The Company, as the issuer of the Subscription Shares; and
(2) The Subscriber, as the subscriber of the Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe and the Company has conditionally agreed to issue and allot for the Subscription Shares at the Subscription Price. Prior to the entering into of the Subscription Agreement, the Subscriber was not interested in any Shares.

The Subscriber is an agent introduced the JV Partner to the Group for the establishment of the Joint Venture. The Subscriber is subsequently engaged by the Group to be responsible for liaising among the JV Partner and the local government authorities in related to the establishment of the Joint Venture and also other matters in related to the application of the slaughtering permit. Upon the completion of the establishment of Joint Venture and the Joint Venture successfully obtained the operation and slaughtering permits, the Subscriber is entitled to receive a service fee of RMB2 million (equivalent to approximately HK\$2.20 million) which was determined after arm's length negotiation between the Company and the Subscriber. The Subscriber intended to use the received service fee to subscribe the Subscription Shares, any difference between the actual amount of the Subscription Shares and the conversion amount of RMB2 million service fee into Hong Kong dollars upon the completion date of the Subscription will be settled by cash to the counterparties. Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Neither the Subscriber nor his associates will become a substantial shareholder of the Company as a result of the completion of the Subscription.

Subscription Shares

The Subscription Shares, being 42,000,000 Shares with an aggregate nominal value of approximately HK\$420,000, represent (i) approximately 4.77% of the issued share capital of the Company as at the date of the Subscription Agreement; and (ii) 4.55% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

The Subscription Shares will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the completion date of the Subscription.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors were allowed to allot and issue up to 176,167,600 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. The General Mandate is sufficient for the allotment and issuance of the Subscription Shares. As such, the allotment and issuance of the Subscription Shares is not subject to the Shareholders' approval at a general meeting of the Company.

The Subscription Price

The Subscription Price of HK\$0.053 per Subscription Share represents:

- (a) a discount of approximately 8.6% to the closing price of the Shares of HK\$0.058 per Share as quoted on the Stock Exchange on 30 November 2022, being the date of the Subscription Agreement; and
- (b) a discount of approximately 8.6% to the average closing price of approximately HK\$0.058 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to 30 November 2022, being the date of the Subscription Agreement.

The net subscription price of each Subscription Shares, after deduction of all necessary fees and expenses, is approximately HK\$0.051. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares and the business prospects of the Group. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

Completion is conditional upon the satisfaction (or waiver, as the case may be) of the following conditions:

- (a) the completion of the establishment of the Joint Venture, and the Joint Venture successfully obtained the operation and slaughtering permits;

- (b) the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Subscription Shares) the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the completion of the Subscriptions); and.
- (c) the Company obtained all necessary consent and approval.

The Subscription is conditional upon the completion of the establishment of the Joint Venture. However, the establishment of the Joint Venture is not conditional upon the Subscription.

If any of the above conditions is not fulfilled within six months after the signing date of the Subscription Agreement (or such later date as may be agreed between the Subscriber and the Company), the Subscription Agreement shall lapse and become null and void and the parties to the Subscription Agreement shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

Completion

Completion of the Subscription shall take place within three Business Days after the above conditions have been fulfilled or waived (where applicable) (or such other date as the Company and the Subscriber may agree).

Application for Listing

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares to be issued and allotted under the Subscription Agreement.

Fund Raising Activities of the Company During the Past 12 Months

The Company has not conducted any equity fund raising activities in the 12 months immediately prior to 30 November 2022, being the publication date of this announcement.

Effect on Shareholding Structure

Assuming there will be no other changes in the issued share capital of the Company between the date of this announcement and the completion of the Subscription, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Subscription:

	<i>As at the date of this announcement</i>		<i>Immediately after completion of the Subscription</i>	
	Number of Shares held	Approximate percentage of total issued share capital	Number of Shares held	Approximate percentage of total issued share capital
<i>Public Shareholders</i>				
The Subscriber	-	-	42,000,000	4.55%
Other public Shareholders	880,838,000	100.00%	880,838,000	95.45%
Total	880,838,000	100.00%	922,838,000	100.00%

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Joint Venture is proposed to be principally engaged in the business of hog slaughtering. Given that the slaughtering permits of the existing slaughterhouse of the Group is still under resumption processes, the Group keeps seeking for alternative ways to resume our own slaughtering operation. This time the Group cooperates with the JV Partner to establish the Joint Venture, in one hand the JV Partner, being a state-owned enterprise, can provide resources and assistance for the application of the slaughtering permit; and on the other hand can integrate and leverage the advantages of Hunan Huisheng, especially its experience in slaughtering business and huge market network in Hunan Province. The Directors believe that the Joint Venture can commence trial run by the end of this year or early next year, and once it commences commercial operation may then enhance the production efficiency and lower the production cost of the Group.

The JV Partner was introduced by the Subscriber, and the Subscriber is also responsible for liaising among the JV Partner and the local government in related to the establishment of the Joint Venture and also other matters in related to the application of the slaughtering permit, including (but not limited to) provision of advice in related to passing the quarantine and environment assessment conducted by local government. The service fee agreed between the Company and the Subscriber is RMB2 million (equivalent to approximately HK\$2.20 million), subject to the completion of the establishment of the Joint Venture and the Joint Venture successfully obtained the slaughtering permit. In the course of negotiating for the payment arrangement of such service fee, the Subscriber has indicated that he is optimistic to the business prospects of the Group after the establishment of the new slaughterhouse, thus the Subscriber stated his interest in subscribing the Subscription Shares by applying the service fee mentioned above. The gross and net proceeds of the Subscription of approximately HK\$2.23 million and HK\$2.13 million will be used to replenish the Group's cash used for the payment of the service fee. The Directors believe that the Subscription will enable the Group to maintain its current financial position.

In view of the above, the Directors (including the independent non-executive Directors) consider that the establishment of the Joint Venture and entering into the Subscription Agreement is beneficial to the development of the Group, and is being carried out in the ordinary course of business and on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the capital contribution of the Group pursuant to the JV Agreement is more than 5% but all are less than 25%, the transaction contemplated under the JV Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

Shareholders and potential investors of the Shares should note that the establishment of the Joint Venture and the Subscription is subject to the fulfillment of condition(s) and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Days”	any day (other than Saturdays) on which licensed banks in Hong Kong are open for business
“Company”	Huisheng International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1340)
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 June 2022, pursuant to which a maximum of 176,167,600 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hunan Huisheng”	Hunan Huisheng Meat Products Company Limited*, a limited liability enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Independent Third Party”	third party independent of and not connected with the Company and any of its connected persons and are not connected persons of the Company (as defined in the Listing Rules)
“Joint Venture”	Changde Xihu Huisheng Meat Products Limited* (subject to the final name as approved and registered by the relevant government authorities of the PRC), an enterprise with limited liability to be established in the PRC jointly by Hunan Huisheng and the JV Partner, in which Hunan Huisheng and the JV Partner will obtain 60% and 40% equity interests of the Joint Venture respectively
“JV Agreement”	the joint venture agreement dated 30 November 2022 entered into among Hunan Huisheng and the JV Partner in relation to the establishment of the Joint Venture
“JV Partner”	Hunan Fengrun Agricultural Development Limited*, a PRC state-owned enterprise with limited liability, principally engaged in plant and sale of agricultural products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr Wu Guozhu, a PRC resident and an Independent Third Party
“Subscription”	the conditional allotment and issuance of the Subscription Shares by the Company to the Subscriber at the Subscription Price
“Subscription Agreement”	the agreement dated 30 November 2022 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.053 per Subscription Share
“Subscription Shares”	42,000,000 new Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this announcement:

- (1) *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*
- (2) *amounts denominated in RMB have been translated into HK\$ at the rate of RMB0.91 = HK\$1.00 for illustration purpose only.*

By order of the Board
Huisheng International Holdings Limited
Qin Yuanling
Chairman

Hong Kong, 30 November 2022

As at the date of this announcement, the Board comprises Ms. Qin Yuanling as executive Director; and Mr. Wong Yuk Lun, Alan, Mr. Huang Ruilin and Dr. Wang Guiping as independent non-executive Directors.

* *For identification purpose only.*