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 2014

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 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 *RMB'000*
Revenue	5,6	**1,202,419**	1,106,423
Cost of sales		**(1,047,945)**	(962,181)
Gross profit		**154,474**	144,242
Other income	5	**4,887**	3,767
Losses arising from change in fair value less costs to sell of biological assets		**(2,361)**	(926)
Selling and distribution expenses		**(16,549)**	(13,767)
Administrative expenses		**(26,237)**	(21,024)
Finance costs	7	**(10,101)**	(10,248)
Profit before taxation		**104,113**	102,044
Taxation	8	**-**	-
Profit for the year	9	**104,113**	102,044

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Other comprehensive (loss)/ income for the year:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(335)**	1,678
Other comprehensive (loss)/ income for the year, net of income tax		**(335)**	1,678
Total comprehensive income for the year		**103,778**	103,722
Profit/(loss) for the year attributable to:			
Owners of the Company		**103,612**	102,168
Non-controlling interests		**501**	(124)
		104,113	102,044
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**103,277**	103,846
Non-controlling interests		**501**	(124)
		103,778	103,722
Earnings per share attributable to owners of the Company			
Basic and diluted (RMB cents per share)	10	**25.7**	34.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Assets			
Non-current assets			
Property, plant and equipment	12	**377,630**	246,789
Prepaid lease payments		**34,419**	34,325
Biological assets		**21,424**	8,257
Deposits and prepayments for property, plant and equipment		**5,350**	3,966
Available-for-sale investment		**1,500**	1,500
		440,323	294,837
Current assets			
Biological assets		**14,762**	9,786
Inventories		**13,214**	3,165
Prepaid lease payments		**773**	735
Trade receivables	13	**134,490**	136,712
Prepayments, deposits and other receivables		**795**	2,378
Bank balances and cash		**366,894**	280,838
		530,928	433,614
Current liabilities			
Trade payables	14	**117,324**	123,815
Accruals and other payables		**24,684**	26,812
Amount due to a shareholder		**1,894**	1,969
Borrowings – due within one year	15	**43,000**	53,000
Deferred revenue		**55**	88
		186,957	205,684
Net current assets		**343,971**	227,930
Total assets less current liabilities		**784,294**	522,767
Non-current liabilities			
Loan from government		**440**	808
Notes payable	16	**57,695**	55,764
Deferred revenue		**433**	557
		58,568	57,129
Net assets		**725,726**	465,638

	Notes	**2014**	2013
		RMB'000	*RMB'000*
Equity			
Share capital		**3,168**	-
Reserves		**717,681**	461,262
Equity attributable to owners of the Company		**720,849**	461,262
Non-controlling interests		**4,877**	4,376
Total equity		**725,726**	465,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2014 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 2014. A summary of the new and revised HKFRSs are set out as below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities

HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 – *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 – *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’.

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("**CGU**") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 – *Novation of Derivatives and Continuation of Hedge Accounting*

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK (IFRIC) – Int 21 *Levies*

The Group has applied HK(IFRIC) - Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

5. REVENUE AND OTHER INCOME

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of pork products	**1,196,157**	1,100,309
Others (*note*)	**6,262**	6,114
	1,202,419	1,106,423

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

	2014	2013
	RMB'000	*RMB'000*
Other income		
Interest income on:		
Bank deposits	**1,222**	1,004
Amortisation of deferred revenue	**86**	83
Total interest income	**1,308**	1,087
Government grants (*note*)	**2,530**	1,837
Net foreign exchange gains	**885**	-
Gains from selling of non-current biological assets, net	**163**	843
Sundry income	**1**	-
	4,887	3,767

Note: Government grants mainly represent incentive subsidies granted by the PRC government authorities in relation to processing of ill hogs. 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:

	2014	2013
	RMB'000	*RMB'000*
Segment profit before taxation reported to the CODMs	**106,474**	102,970
Add:		
Losses arising from changes in fair value less costs to sell of biological assets (*note*)	**(2,361)**	(926)
Profit before taxation reported in the consolidated financial statements	**104,113**	102,044

	2014	2013
	RMB'000	*RMB'000*
Segment assets reported to the CODMs	**728,087**	466,564
Add:		
Losses arising from changes in fair value less costs to sell of biological assets (*note*)	**(2,361)**	(926)
Net assets reported in the consolidated financial statements	**725,726**	465,638

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.

Geographical information

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

	2014	2013
	RMB'000	*RMB'000*
Hunan Province	**1,016,125**	954,370
Guangdong Province	**91,625**	104,780
Beijing City	**21,741**	22,220
Others	**72,928**	25,053
	1,202,419	1,106,423

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.

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.

The Group’s geographical concentration risk is mainly in Hunan Province, which accounted for 85% of the total revenue during the year ended 31 December 2014 (2013: 86%).

Information about major customers

No individual customers contributed over 10% of the total revenue of the Group during the year ended 31 December 2014 (2013: nil).

7. FINANCE COSTS

	2014	2013
	RMB’000	*RMB’000*
Interests on:		
- Borrowings wholly repayable within five years	**4,569**	5,285
- Government loan (*note*)	**61**	59
- Notes payable	**5,471**	4,904
	10,101	10,248

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

8. TAXATION

	2014	2013
	RMB’000	*RMB’000*
Income tax expense	**-**	-

Hong Kong

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year ended 31 December 2014.

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 operating in the business of primary processing of agricultural products is exempted from the PRC EIT during the reporting periods.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**8,930**	2,707
Amortisation of prepaid lease payments	**776**	735

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share	**103,612**	102,168

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**402,484**	300,000

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the year of approximately RMB103,612,000 (2013: approximately RMB102,168,000) and the weighted average number of 402,484,000 (2013: 300,000,000) ordinary shares in issue during the reporting period.

The weighted average number of shares in issue for the year ended 31 December 2013 represented the 300,000,000 ordinary shares that had been in issue, comprising 10,419 shares in issue and 299,989,581 shares issued pursuant to the capitalisation issue as if such share had been outstanding throughout the year ended 31 December 2013. The weighted average number of share 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

The Board recommends the payment of final dividend of HK$0.015 per share for the year ended 31 December 2014 (2013: nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2014, the Group incurred costs for (i) building, (ii) plant and machinery, (iii) furniture, fixtures and equipment and (iv) construction in progress of approximately RMB21,925,000, RMB2,964,000, RMB2,170,000 and RMB112,712,000 respectively.

13. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**134,490**	136,712

The fair values of trade receivables approximate their carrying amount.

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:

	2014	2013
	RMB'000	*RMB'000*
Within 30 days	**127,398**	123,099
31 days to 60 days	**6,424**	13,613
61 days to 80 days	**317**	-
Over 81 days	**351**	-
Total	**134,490**	136,712

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 indicate that the balances may not be collectible. The management closely review the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

Trade receivables that are past due are not consider impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014	2013
	RMB'000	*RMB'000*
Over 81 days	**351**	-

The group does not hold any collateral over these balances.

14. TRADE PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**117,324**	123,815

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:

	2014	2013
	RMB'000	*RMB'000*
Within 30 days	**103,461**	107,746
31 days to 60 days	**13,863**	16,069
	117,324	123,815

15. BORROWINGS

	2014	2013
	RMB'000	*RMB'000*
Secured bank borrowings	**43,000**	53,000

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

	2014	2013
	%	*%*
Fixed rate borrowings	**7.38 - 8.96**	7.20-12.00

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

	2014	2013
	RMB'000	*RMB'000*
At the beginning of the year	**55,764**	-
Issue of notes payable	**-**	60,000
Transaction cost directly attributable to the issue of notes	**-**	(5,871)
Net proceeds received from issue of notes payable	**55,764**	54,129
Interest charged at effective interest rate of 10.6% per annum (*note 7*)	**5,471**	4,904
Interest payable	**(3,540)**	(3,269)
At the end of the year	**57,695**	55,764

** 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, 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 products of the Group include fresh pork, chilled and frozen pork, side products as well as processed pork products including cured pork and sausages.

On 28 February 2014, the Company successfully listed on the Stock Exchange by way of the Global Offering of its shares at the high-end of the indicated range at HK$2.05 per share as stated in the Prospectus and raised approximately HK$246 million in total. The initial public offering was oversubscribed up to 2,187 times and ranked second in the history of Hong Kong by that time.

For the year ended 31 December 2014, the Group's total slaughtering volume increased by approximately 19.3% whereas the turnover amount increased approximately RMB96.0 million as compared with 2013. The strong increases in production volume and revenue were mainly generated from the Group's new production base (the "**New Production Base**") situated at Changde Economic and Technology Development Zone, Hunan Province, which was gradually put into operation since the first quarter of 2014. The New Production Base comprises a new slaughterhouse with an annual slaughtering capacity of approximately 1,000,000 hogs and pork carving facilities with an annual capacity of approximately 30,000 tons of pork. With the enhanced production technologies and capacity, the Group believed that it can reach the slaughtering volume of 1 million hogs per annum in short term.

Moreover, the Group's revenue amount of chilled and frozen products increased by approximately 24.6% to approximately RMB 586.9 million compared to the same period in 2013 which was primarily attributable to the commercial launch of phase two development of the New Production Base which includes additional pork processing facilities and freezer storage facilities. The Group is currently focusing on enlarging market penetration and the Directors believe that the sales of our chilled and frozen pork products will further increase in the foreseeable future.

In the first quarter of 2014, the new constructed breeding farm in Linli County (臨澧縣), Hunan Province with an area of approximately 36,000 square metres has commenced operation, whereas a newly acquired breeding farm in Taoyuan County (桃源縣) during the year has also commenced operations in the fourth quarter of 2014. The newly acquired sows and breeding hogs for both breeding farms were already supplied to the market and started to contribute to the Group during the year under review.

Furthermore, in December 2014, the Group entered into an agreement to acquire another new breeding farm in Qinglin Xiang (青林鄉), Changde, Hunan Province, with an area of approximately 43,907 square metres and land use rights till September 2032 (the "**Acquisition**"). The consideration of RMB28 million were funded by the net proceeds from the Global Offering which was originally intended to be used for developing a breeding farm in Dingjiagang Xiang and part of the net proceeds which was originally intended to be used for developing a breeding farm in Huangtudian. The newly acquired farm is currently equipped with ready-to-use machinery, equipment, facilities, pigsties and other properties, and holds the required governmental certificates and licences and is readily available for operations. The Acquisition is in line with the Group's strategy to vertically integrate its operations and the Group believes can bring in benefits in short run. The Group has completed the transaction in January 2015.

Results of Operations

During the year, the fact that the New Production Base has been put into full operation, the enhanced technologies and slaughtering capacity led to an increase in overall sales volume by approximately 19.3%. With the strong production and sales volume, the Group's revenue increased by approximately RMB96.0 million, or approximately 8.7%, from approximately RMB1,106.4 million for the year ended 31 December 2013 to approximately RMB1,202.4 million for the same period in 2014. The strong increase in revenue was partially offset by a decrease in the overall average selling price of its pork products as compared with the same period in 2013 which was generally in line with the market trend.

The Group's gross profit increased by approximately RMB10.3 million, or approximately 7.1%, from approximately RMB144.2 million for the year ended 31 December 2013 to approximately RMB154.5 million for the year ended 31 December 2014 which was in line with the increase in its revenue. The Group's gross profit margin decreased from approximately 13.0% for the year ended 31 December 2013 to approximately 12.8% for the year ended 31 December 2014 which was primarily attributable to the decrease in the overall selling prices in its side products during the year ended 31 December 2014.

The Group's other income increased by approximately RMB1.1 million, or approximately 29.7%, from approximately RMB3.8 million for the year ended 31 December 2013 to approximately RMB4.9 million for the year ended 31 December 2014 mainly attributable to the increase in government grant.

In 2014, sales of pork products to those regions outside Hunan Province (mainly Guangdong Province and Beijing) increased by approximately 22.5% to approximately RMB186.3 million as compared with 2013. In order to expand the market coverage, the Group incurred more resources on market exploration and marketing which led to a slightly increase of selling and distribution expenses as a percentage to revenue to approximately 1.4% whereas it was approximately 1.2% in 2013. The overall selling and distribution expenses were increased to approximately RMB16.5 million for the year ended 31 December 2014 as compared to that of approximately RMB13.8 million for the same period in 2013.

Moreover, the commencement of operation of the New Production Base and the three new breeding farms will increase the Group's slaughtering capacity and bring in more revenue to the Group, which follows with the needs to increase in general working expenses and staff cost as result of the enlarged operation scale. The Group's administrative expenses increased by approximately RMB5.2 million, or approximately 24.8%, from approximately RMB21.0 million for the year ended 31 December 2013 to approximately RMB26.2 million for the year ended 31 December 2014. During the year, the Group also recognised the listing expenses of approximately RMB7.8 million.

The Group's finance costs reported a slightly decrease by approximately RMB0.1 million, or approximately 1.4%, from approximately RMB10.2 million for the year ended 31 December

2013 to approximately RMB10.1 million for the same period in 2014 primarily attributable to the repayment of loans during the year.

The Group's profit for the year increased by approximately RMB2.1 million, or approximately 2.0%, from approximately RMB102.0 million for the year ended 31 December 2013 to approximately RMB104.1 million for the year ended 31 December 2014. The increase in net profit was mainly attributable to the increase in gross profit as discussed above.

Liquidity, Financial Resources and Funding and Treasury Policy

As at 31 December 2014, the Group had bank and cash balances of approximately RMB366.9 million (31 December 2013: approximately RMB280.8 million). The Group also had net current assets of approximately RMB344.0 million, which increased by approximately RMB116.0 million as compared with that as at 31 December 2013 mainly attributable to the net proceeds received from the Global Offering. The total non-current assets of the Group were approximately RMB440.3 million in 2014 (2013: approximately RMB294.8 million). The increase in the Group's total non-current assets was mainly attributable to the capital expenditure in its New Production Base and those new breeding farms.

As at 31 December 2014, the Group had several outstanding bank loans with an aggregate amount of approximately RMB43.0 million with fixed interest rates ranging from 7.38%–8.96% 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 RMB60.0 million with a fixed interest rate at 5.9% per annum and are to be reduced on the third anniversary from the date of issue.

The Group intends to principally finance its operations and investing activities with its operating revenue, internal resources and bank facilities. The Directors believe that the Group has 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. 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 2014, 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 2014, the Group has pledged certain buildings, construction in progress and prepaid lease payments of approximately RMB125.9 million.

Gearing Ratio

As at 31 December 2014, 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%) decreased to approximately 14.2% in 2014 (31 December 2013: approximately 24.0%).

Foreign Exchange Exposure

Since almost all transactions of the Group are 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 such 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 2014, the Directors were not aware of any material contingent liabilities.

Future Plans for Material Investments

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

In December 2014, Taoyuan County Huisheng Meat Products Company Limited (桃源縣惠生肉業有限公司), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Liu Zhongquan (劉中全), an independent third party from the Group, to acquire all assets in a hog breeding farm located in Qinglin Xiang (青林鄉), Changde, Hunan Province together with its land use rights with a term of 20 years expiring in September 2032. The Acquisition was completed in January 2015.

SIGNIFICANT INVESTMENT

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

SUBSEQUENT EVENTS

Save as disclosed above, no other subsequent events occurred after 31 December 2014 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 2014 (2013: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed about 486 staff and workers in Hong Kong and the PRC (31 December 2013: 450). 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

The shares of the Company have been listed on the Stock Exchange since 28 February 2014 (the "**Listing Date**"). On 21 March 2014, an aggregate of 2,484,000 shares were issued pursuant to the partial exercise of the Over-allotment Option. There has been no change in the capital structure of the Company since the Listing Date. The capital of the Company comprises ordinary shares and other reserves.

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 amounted to approximately HK$162.9 million (equivalent to approximately RMB130.5 million). In December 2014, the Company has announced a discloseable transaction in relation to the acquisition of a hog breeding farm together with the change in the use of proceeds from the Global Offering. Pursuant to the announcement, the Group will allot approximately RMB50.2 million to acquire freezer storage facilities for the New Production Base, approximately RMB38.9 million for the construction of the breeding, farming and environmental facilities in the Taoyuan Breeding Farm and approximately RMB28.0 million for the acquisition of a breeding farm in Qinglin Xiang, Changde, Hunan Province. The remaining net proceeds from the Global Offering will be used for constructing or acquiring new hog breeding farms in Changde, Hunan Province.

As at 31 December 2014, the Group has applied approximately RMB50.3 million to acquire freezer storage facilities for the New Production Base. The Group has also used approximately RMB22.5 million for the construction of the breeding, farming and environmental facilities in the Taoyuan Breeding Farm and also approximately RMB5.0 million for the acquisition of a breeding farm in Qinglin Xiang, Changde, Hunan Province. The remaining net proceeds from the Global Offering will be applied for the purposes as stated in the Company's announcement on 19 December 2014.

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 from the Listing Date up to the date of this announcement.

COMPETING INTEREST

None of the directors or the controlling shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 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

Despite the current market facing a lower level of selling price of pork products, the Group believed this critical point of market integration is an opportunity to enlarge its business scale and expand the market penetration by streamlining and vertically integrating its entire business operation through further implementation of the breeding and farming model and expansion of its hog slaughtering capacity in order to ensure a stable supply of quality pork products and minimise reliance on third party suppliers. The Group believes that such expansion will strengthen its market reputation and enhances its market development in Hunan Province as well as other areas in the PRC, hence turning the Group into a nationwide pork supplier.

With the insight in potential development on the chilled and frozen pork products market, the Group obtained an export license from the PRC government and is preparing to export to various regions and countries including Hong Kong. To cope with the business expansion, the Group's New Production Base is equipped with pork carving facilities with annual maximum capacity of approximately 30,000 tons of pork as well as freezer storage facilities. As described above, the turnover of the Group's chilled and frozen pork products recorded a rapid increment of approximately 24.6% in 2014. In 2015, the Group believed export sales will further enhance the sales growth of chilled and frozen pork products.

In addition to the existing pork products, the Group is in cooperation with Changsha University of Science & Technology in developing new line of pork bone-related products including nourishment drinks and bone soup. The development of these new products are currently in the trial stage and the Group believes it will gradually commerce production and supplies to the market in short term once it obtained the certificates from the related government bodies.

In accordance with the Group's founding motto "Quality Pork for the People's Well-being", the Group implemented several long term strategies to assure its pork products quality which the first focusing point is the products sources assurance. To minimise the reliance on third party suppliers, the Group started to operate its own breeding farms. Since 2013, the Group has constructed a breeding farm in Linli County (臨澧縣), acquired a new breeding farms in Taoyuan County (桃源縣) Zhifangko (指防口) and Qinglin Xiang (青林鄉) separately and currently constructing another new breeding farms in Jiupugang (酒舖崗), Taoyuan County (桃源縣) near Wuxihe Xiang (浯溪河鄉), Hunan Province. All of these new breeding farms will equip with enhanced technology and farming techniques once in operation. The Group believed through improving the living environment of its hogs and feeding them with hog feeds of high nutritional value, the general health of its hogs will thereby improve which ultimately will raise the quality of its pork products.

The Group believes that maintaining its founding motto not only provide the differentiation of its products but also become the pioneer of China's quality assured food. The Group has confidence and capability to become one of the fastest growing enterprises in the sector of primary processing of agricultural products listed in Hong Kong and be able to maximise the returns for both the Group and its shareholders.

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 since the Listing Date and up to the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the "**Code Provisions**") contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company was listed on the Stock Exchange on 28 February 2014.

From the Listing Date and up to the date of this announcement, the Company had complied with the Code Provisions.

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 2014. It has also discussed the financial reporting process, 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 2 June 2015 and the notice of annual general meeting will be published and dispatched to the shareholders 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 Friday, 29 May 2015 to Tuesday, 2 June 2015, 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 2015, 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 Thursday, 28 May 2015; and

ii) from Monday, 8 June 2015 to Wednesday, 10 June 2015, 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 Friday, 5 June 2015. The final dividend will be paid on or about Friday, 26 June 2015 to the shareholders whose names appear on the register of members as on Wednesday, 10 June 2015.

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 2014 Annual Report will be dispatched to Shareholders 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, 27 March 2015

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.