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## **Huasheng International Holding Limited**

**華盛國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1323)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTION OF CONVERTIBLE BONDS OF THE TARGET COMPANY**

#### **SUBSCRIPTION OF CONVERTIBLE BONDS**

On 13 December 2024 (after trading hours), the Target Company (as the issuer) and the Subscriber (as the subscriber), a wholly owned subsidiary of the Company, entered into the Subscription Agreement in relation to the subscription for Convertible Bonds in a principal amount of HK\$40,000,000.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **SUBSCRIPTION OF CONVERTIBLE BONDS**

The Board is pleased to announce that on 13 December 2024 (after trading hours), the Target Company (as the issuer) and the Subscriber (as the subscriber), a wholly owned subsidiary of the Company, entered into the Subscription Agreement in relation to the subscription for Convertible Bonds in a principal amount of HK\$40,000,000.

### **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement set out below:

- Date : 13 December 2024 (after trading hours)
- Parties : (i) The Target Company (as the issuer);
- (ii) The Subscriber (as the subscriber); and
- (iii) Mr. Yip (as the guarantor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company and its ultimate beneficial owner, Mr. Yip, are Independent Third Parties.

#### **Subscription**

Pursuant to the terms of Subscription Agreement, the Subscriber shall subscribe for, and the Target Company shall issue to the Subscriber, the Convertible Bonds in an aggregate principal amount of HK\$40,000,000, which is payable by the Subscriber to the Target Company in cash at Completion.

#### **Use of proceeds from the Subscription by the Target Company**

Pursuant to the terms of the Subscription Agreement, except with the prior written consent of the Subscriber, the proceeds from the Subscription shall only be used for procurement of new inventory by the Target Company and the proceeds from the sales of such new inventory shall only be used for satisfying the payment obligations of the Target Company under the Convertible Bonds or procurement of new inventory. The above restriction on use of proceeds shall apply to all new inventory or subsequent inventory procured by the Target Company in accordance with the above provision.

## Principal terms and conditions of the Convertible Bonds

Issuer:	The Target Company
Principal amount:	HK\$40,000,000
Interest:	8% per annum payable semi-annually
Maturity date:	On the fourth anniversary of the date of issue of the Convertible Bonds (the “ <b>Maturity Date</b> ”)
Redemption upon maturity:	Unless previously redeemed or converted or purchased and cancelled, the Issuer shall redeem the Convertible Bonds which remains outstanding on the Maturity Date at 100% of the principal amount of such Convertible Bonds.
Early redemption:	The Issuer shall be entitled, by giving not less than seven (7) days’ notice to the holders of the Convertible Bonds (the “ <b>CB Holders</b> ”), propose to the CB Holders to redeem the outstanding Convertible Bonds (in multiples of HK\$1,000,000 or such lesser amount as may represent the entire principal amount thereof) at an amount equivalent to 100% of the principal amount of such outstanding Convertible Bonds to be redeemed together with all outstanding interest accrued thereon at any time after the date of issue up to and including the date falling seven days immediately before the Maturity Date provided that no conversion notice has been delivered by the CB Holders to the Issuer in respect of the outstanding Convertible Bonds to be redeemed.
Conversion:	The CB Holders may exercise the conversion right (the “ <b>Conversion Right</b> ”) under the Convertible Bonds to convert the Convertible Bonds into shares of the Target Company (the “ <b>Conversion Shares</b> ”).
Conversion period:	From the date of issue of the Convertible Bonds up to the day immediately prior to and exclusive of the Maturity Date

Conversion shares: The number of Conversion Shares to be issued on conversion of the Convertible Bonds shall be determined based on the following formula:

$$NS = \frac{OTS \times \frac{A}{V}}{1 - \frac{A}{V}}$$

Where:

NS = number of Conversion Shares to be issued upon any exercise by a CB Holder of its Conversion Rights

OTS = the number of shares in the share capital of the Target Company in issue on the date of conversion

A = aggregate principal amount of the Convertible Bonds to be converted

V = the valuation of the Issuer with a valuation date within 3 months prior to the date of conversion as shown in the valuation report prepared by a professional valuer as designated by the Bondholder

Security: The Convertible Bonds are secured by the personal guarantee given by Mr. Yip (the “**Personal Guarantee**”) and a debenture (the “**Debenture**”) by way of a floating charge over the inventory, cash, receivables and bank accounts of the Target Company.

Transferability: The Convertible Bonds are freely transferable

Ranking of Conversion Shares: The Conversion Shares issued upon conversion shall rank pari passu in all respects with all other existing shares of the Target Company outstanding on the date of conversion.

## **Conditions precedent**

Completion of the Subscription shall be subject to the fulfilment (or waiver) of all the conditions precedent set out below:

- (a) all necessary consents and approvals in respect of the issue of the Convertible Bonds and the transactions contemplated thereunder having been obtained by the Target Company;
- (b) all necessary consents and approvals in respect of the subscription of the Convertible Bonds and the transactions contemplated thereunder having been obtained by the Subscriber;
- (c) the warranties given by the Target Company under the Subscription Agreement remaining true and correct in all material respects;
- (d) there being no event of default having occurred or occurring; and
- (e) the Personal Guarantee and the Debenture have been duly executed and delivered to the Subscriber.

Save and except for conditions precedent set out in (c) and (d) above which may be waived by the Subscriber, all other conditions precedent are incapable of being waived.

## **Completion**

All the conditions precedent to the Subscription Agreement have been fulfilled as at the date of this announcement and completion of the Subscription has taken place on the date of this announcement.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is principally engaged in merchandising of wine, whisky, tea and luxury collectibles. Mr. Yip has over 20 years of experience in the tea and liquor markets and the Target Company has built an extensive network in sourcing and selling quality liquor and tea. The Target Company has no subsidiary as at the date of this announcement.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company for the two years ended 31 March 2023 and 31 March 2024:

	<b>For the year ended 31 March 2023 HK\$ (Audited)</b>	<b>For the year ended 31 March 2024 HK\$ (Unaudited)</b>
Revenue	180,934,735	163,878,496
Profit before taxation	111,000	5,649,061
Profit after taxation	111,000	4,845,445

Based on the unaudited management accounts of the Target Company, as at 30 September 2024, the net asset value of the Target Company was approximately HK\$9.5 million, and the inventory, receivables and bank balances of the Target Company amounted to approximately HK\$59 million.

## REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

The Group is principally engaged in (i) production and sales of ready-mixed commercial concrete; and (ii) provision of money lending services.

The terms of the Subscription, including the principal amount of the Convertible Bonds, the interest rate and the term of the Convertible Bonds, were agreed by the Target Company and Subscriber, after arm's length negotiations and having taken into account the prevailing market conditions, the financial conditions and performance of the Target Company, the business need and prospect of the Target Company and the personal guarantee and security provided.

The Group subscribed for the Convertible Bonds for investment purposes. The Directors consider that the Subscription provides the Group with an opportunity to diversify its investment portfolio and bring stable interest income as well as the potential opportunity to tap into the wine and whisky industry.

Hong Kong is a wine duty-free port with extensive transportation network and advanced storage facilities. It is regarded as the most cost-effective and convenient distribution center in Asia.

According to the data by Statista, an international market and consumer data provider,, it is predicted that the sales volume of the global wine market will rise steadily, from US\$350.9 billion in 2024 to US\$431.9 billion in 2028, with an annual growth rate of approximately 5.3%. Moreover, according to ASKCI Consulting Co., Ltd\* (中商產業研究院), the import volume and amounts of the imported wine in Mainland China has shown a rebound in 2024. In fact, Hong Kong's total re-exported wine has also increased from HK\$1.51 billion in 2019 to HK\$2.92 billion in 2023, with an annual growth rate of approximately 18% and majority of which is re-exported to Macau and China.

Furthermore, according to Statista, the sales revenue of the alcoholic beverage market will increase from US\$1.6 trillion in 2023 to approximately US\$2 trillion in 2027. The global spirits market will expand from US\$525 billion in 2023 to US\$630 billion in 2027. Asia has become a growth market for spirits, benefiting from the participation of young people in spirits consumption, while rapid economic growth has also increased the purchasing power of the region.

Starting from 16 October 2024, the duty on liquor with an import price of over HK\$200 has been reduced from 100 per cent to 10 per cent for the portion above HK\$200. With reference to the successful experience of abolishing wine duty to promote wine trade, it is expected reducing duty on spirits will also allow Hong Kong to better leverage its advantages as an international trading platform.

Taking into account the above and (i) the results of due diligence on the financial background and repayment ability of the Target Company and Mr. Yip being the guarantor; (ii) the proceeds from the Subscription shall only be used for procurement of new inventory by the Target Company; (iii) the personal guarantee and security provided for the Convertible Bonds; (iv) the interest rate represents 2.625% above the best lending rate of 5.375% announced by The Hong Kong and Shanghai Banking Corporation Limited; (v) the interest income derived from the Convertible Bonds is significantly higher than the interest income which can be generated from making time deposit for the idle funds, the Directors consider that the Subscription is in line with the Group's diversification strategy, and the terms of the Subscription are on normal commercial terms and fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Huasheng International Holding Limited 華盛國際控股有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the 8% coupon convertible bonds in the principal amount of HK\$40,000,000 of the Target Company to be subscribed by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yip”	Mr. Yip Chun Tat, who is the sole shareholder of the Target Company as at the date of this announcement



“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Golden Star Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 13 December 2024 and entered into between the Target Company and the Subscriber in respect of the Subscription
“Target Company”	Saveur Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United State dollar(s), the lawful currency of the United States of America
“%”	per cent.

\* *for identification purposes only*

By Order of the Board  
**Huasheng International Holding Limited**  
**Wong Jeffrey**  
*Executive Director*

Hong Kong, 13 December 2024

*As at the date of this announcement, the executive Directors are Mr. Wong Jeffrey and Mr. Kong Chi Keung; the non-executive Director is Mr. Li Renjie; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia.*