

TARGET

Intelligence Report

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HUISHENG INTERNATIONAL HOLDINGS LTD: FIVE YEARS OF LOSSES ! WHAT SHALL THE FUTURE BRING ?

The Company Has Never Recommended A Dividend To Shareholders Since The 2016-Year

This Company has only one Executive Director.

The Company had no borrowings as at December 31, 2022 (2021: Nil).

This Company has recorded at least five Financial Years of losses.

This Company had no Gearing Ratio as at the closure of the 2022 Financial Year.

This Company has not suggested (or even indicated) its shareholding structure in respect of the 2022 Annual Report.

The Company claims to be engaged in the breeding and slaughtering of pigs and hogs, but there is no suggestion in the 2022 Annual Report as to any biological inventory of pigs or hogs, alive or dead.

This Company is domiciled in the Cayman Islands.

The Company, to which this medium is referring, is Huisheng International Holdings Ltd (惠生國際控股有限公司) (Code: 1340, Main Board, The Stock Exchange of Hongkong Ltd).

THE 2022 ANNUAL REPORT OF HUISHENG INTERNATIONAL HOLDINGS LTD

On or about Thursday, April 27, 2023, Management of Huisheng International Holdings Ltd published and disseminated its 2022 Annual Report in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

At Page Three of the 2022 Annual Report, under the heading, '**BUSINESS REVIEW**', one was apprised of the following:

‘The Group is mainly engaged in the production and sale of daily consumption pork and related meat food products for the domestic market as well as hog breeding and hog farming in Changde, Hunan Province, the People’s Republic of China (the “PRC”). The Group is also engaged in selling and distributing pipe system products; and the provision of technical advisory services on the design, application, implementation, and installation.

‘In the past year, the outbreak of the COVID-19 Omicron variant had spread across the PRC, which caused disruption to the economic activities. The consumer catering industry had also been significantly affected by the changing quarantine policies and control measures. The COVID-19 pandemic impacted production in pork processing plants across the PRC with effects reverberating throughout the pork supply chain. The current daily slaughter volumes were at a low level, and the consumption of pork was relatively sluggish. Looking back at the trend of national hog price, the trading price of live hogs at the beginning of 2022 continued the downward trend at the end of 2021. But the decline gradually narrowed and started to rise after bottoming out in March 2022, triggering a new round of pig cycle.

‘Facing the complicated market situation, the Group’s management decided to remain the cautious manner on resumption of pig business to minimise the operating costs and risk. We remained adopting the price control measures by purchasing piglets from independent pig farmers for fattening purposes and sent off for slaughtering. Besides, the Group has outsourced the hog slaughtering procedures to an independent slaughterhouse, and hogs are sent to the slaughterhouse for slaughtering. Afterward, the pork products are packed and sold directly or further processed upon the customers’ requirements. This measure would lead the Group in stabilising of the production costs and maximising of the Group’s profit margin instead.

‘In November 2022, many local COVID-19 cases were found in Changde City. This crisis was last (sic) for 2-3 months, until January 2023. The city was in strict control management after being designated as high-risk area. Daily lifestyle and business activities were significantly affected under the lockdown policy. Also, during the past 2-3 years, the consumption pattern was changed during the self-quarantine at home. People intended to buy frozen meat food instead of fresh meat food which had adversely affected our sales in fresh meat food. That is why our sales in pork products did not meet the expected increment as compared with last year after the resumption of pork business. It is expected in the post-pandemic era, the consumption behavior will be back to traditional Chinese way, and our fresh pork product business will be back to the right track in 2023...

‘Slaughtering Business

*‘On (Wednesday) 30 November 2022, Hunan Huisheng Meat Products Company Limited (湖南惠生肉業有限公司) (“**Hunan Huisheng**”) (an indirect wholly-owned subsidiary of the Company) and Hunan Fengrun Agricultural Development Limited (湖南豐潤農業發展有限責任公司) (the “**JV Partner**”) entered into a joint venture agreement (the “**JV Agreement**”), pursuant to which the parties agreed to establish a joint venture (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 become a subsidiary of the Company after the completion of the JV Agreement.*

‘It is proposed that the Joint Venture ... [CLICK TO ORDER FULL ARTICLE](#)

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