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百信集团
PASHUN GROUP

Pa Shun International Holdings Limited
百信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 574)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF 45% OF THE EQUITY INTEREST IN
VR GREEN SDN BHD
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

THE ACQUISITION

The Board is pleased to announce that, on 8 March 2019 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares for a total Consideration of HK\$35,100,000, which shall be satisfied by the Purchaser procuring the allotment and issue of the Consideration Shares at the Issue Price by the Company to the Vendor (or its nominee(s)).

Upon Completion, the Target Company will become an associated company of the Group and the financial results of the Target Company will not be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under the Listing Rules.

Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE ACQUISITION

The Board is pleased to announce that, on 8 March 2019 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares.

THE AGREEMENT

The principal terms of the Agreement are summarised as follows:

Date

8 March 2019

Parties

- (i) Purchaser: Big Wish Global Limited, a direct wholly-owned subsidiary of the Company
- (ii) Vendor: Mawar F & B Group Sdn Bhd

The Vendor is a company incorporated in Malaysia with limited liability and principally engaged in property development and investment.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing 45% of the equity interest in the Target Company.

The Target Company had entered into a sale and purchase agreement dated 26 December 2017 (“SPA”) with Seriemas Development Sdn Berhad (“SDSB”) to purchase a subdivided portion of a freehold building land (measuring approximately 9,308 square metres) which is currently held under HS(D) 246768, P7553, in Bandar Baru Kota Sri Mas, District of Seremban, State of Negeri Sembilan (“Land”). As at the date of the Agreement, the transfer of the Land under the SPA is pending to be completed and the Land is pending to be registered in the name of the Target Company. As advised by the Malaysian legal adviser to the Company, upon full payment of the purchase price under the SPA and completion of the relevant registration process, the Land will be registered in the name of the Target Company.

Consideration

The total Consideration for the Acquisition is HK\$35,100,000, which shall be satisfied by the Purchaser procuring the allotment and issue of the Consideration Shares at the Issue Price by the Company to the Vendor (its nominees) on Completion.

The Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to (i) the market value of the Land as determined by reference to a valuation report prepared by an independent valuer appointed by the Purchaser in proportion to the attributable interest of the Company in the Target Company upon Completion; (ii) a discount to the market value in light of the fact that the transfer of the Land under the SPA is pending to be completed and the Land is pending to be registered in the name of the Target Company as at the date of the Agreement; and (iii) the immaterial net asset of the Target Company as at 31 December 2018. The Directors consider the Consideration to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to the fulfillment or waiver of the following conditions:

- (a) all necessary consents and approvals required to be obtained on the part of the Purchaser, the Vendor and the Target Company in respect of the transactions contemplated under the Agreement having been obtained;
- (b) the Listing Committee of the Stock Exchange of Hong Kong granting the listing of, and permission to deal in, the Consideration Shares;
- (c) the completion of the Purchaser's due diligence review on the Target Company and the results of which are satisfactory to the Purchaser including but not limited to the Purchaser is satisfied that no material adverse change occurred to the Company's business, operation, assets, liabilities, financial status and other major aspects;
- (d) the Purchaser having obtained a legal opinion in respect of the Target Company, the Agreement and the transactions contemplated under the Agreement and the Land from a Malaysian legal adviser to the satisfaction of the Purchaser;
- (e) the Purchaser having obtained a valuation report in respect of the Land from a firm of independent professional valuer to the satisfaction of the Purchaser indicating that the aggregate value of the Land being not less than HK\$82,000,000;

- (f) the Vendor has provided receipt from SDSB to confirm that the Target Company has notified SDSB in accordance with the terms of the SPA and ancillary document on the acquisition of the Sale Shares by the Purchaser; and
- (g) the Vendor has provided documentary evidence satisfactory to the Purchaser that the purchase price and all other monies (including but not limited to interest) payable under the SPA have been fully paid to SDSB.

If any Condition Precedent has not been satisfied on or before 10.00 a.m. on the last day of the Condition Period, the Purchaser may, by written notice to the Vendor:

- (a) extend the Condition Period for a further period of thirty (30) days to fulfil the Conditions Precedent (“**Extended Condition Period**”); or
- (b) terminate the Agreement and the Agreement will cease to be of any effect except for the provisions in relation to announcement, confidentiality, notice and governing law, which shall remain in force and save in respect of claims arising out of any antecedent breach of the Agreement.

The Purchaser may at its absolute discretion at any time waive in writing the condition (c) (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. All other conditions are incapable of being waived. In the event any of the Conditions Precedent is not satisfied by the expiration of the Condition Period or the the Extended Condition Period (as the case maybe) or waived by the Purchaser, the Agreement will terminate and thereafter be of no effect except for the provisions in relation to announcement, confidentiality, notice and governing law, which shall remain in force and save in respect of claims arising out of any antecedent breach of the Agreement.

Consideration Shares

As at the date of this announcement, the Company has 1,357,874,000 Shares in issue. The number of Consideration Shares issued upon Completion represents (a) approximately 4.70% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 4.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares upon Completion.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, and shall rank *pari passu* with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issuance.

The General Mandate has not been utilised since the date of its grant on 28 June 2018 up to the date of this announcement. Shareholders' approval will not be required for the allotment and issuance of the Consideration Shares as the Consideration Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Consideration Shares will be issued at the Issue Price of HK\$0.55 per Consideration Share. The Issue Price represents:

- (i) a premium of approximately 7.84% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on the date of signing of the Agreement; and
- (ii) a premium of approximately 4.17% to the average closing price of HK\$0.528 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement.

The Issue Price was determined after arm's length negotiations between the Company and the Vendor, with reference to (i) the prevailing market price of the Shares; and (ii) no cash element is involved in the Consideration and the settlement of the Consideration by the allotment and issue of the Consideration Shares helps to maintain the cash level and reduce the finance costs of the Group in relation to the Acquisition. The Directors consider the Issue Price is fair and reasonable.

Completion

Completion shall take place on the Completion Date after all conditions precedent to the Agreement have been satisfied or waived (as the case may be).

Upon Completion, the Target Company will become an associated company of the Group and the financial results of the Target Company will not be consolidated into the Group's consolidated financial statements.

Right to acquire additional shares of the Target Company

Pursuant to the Agreement, subject to the Completion of the sale and purchase of the Sale Shares as contemplated under the Agreement, the Vendor has agreed to grant a right of first refusal to the Purchaser to purchase such number of issued shares of the Target Company ("**Additional Sale Shares**"), representing 40% of the entire issued share capital in the Target Company on fully diluted basis ("**Option**"), within one (1) year commencing from the Completion Date ("**Option Period**"). The Purchaser shall have the right to exercise the Option at its absolute discretion, at any time within the Option Period by issuing a notice to the Vendor to require the Vendor, to sell the Additional Sale Shares, at the consideration of HK\$31,200,000 ("**Additional Consideration**") to the Purchaser (or its nominee). The Purchaser shall also have the right, at its discretion, to choose to settle the Additional Consideration by way of procuring the issue of new shares ("**Additional Consideration Shares**") in the share capital of the Company by the Company. In such event, the Vendor and the Purchaser agreed that the issue price of the Additional Consideration Shares shall be the Issue Price. Notwithstanding the above, the completion of the acquisition of the Additional Sale Shares by the Purchaser is subject to the fulfilment of, among others, the following conditions:

- (a) (if necessary) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Additional Consideration Shares;

- (b) compliance with the requirements under the Listing Rules; and
- (c) the consent of SDSB.

In the event that the Company decides to exercise the Option, the Company will comply with the relevant requirements under the Listing Rules, as and when necessary.

THE DEVELOPMENT

The Land is preliminary planned to develop into a 4-star international branded hotel with 200 units serviced suites and 260 units hotel guest rooms, with total gross floor area of approximately 575,000 square feet.

Capital Commitments

It is expected that the ascertainable capital commitments of the shareholders of the Target Company for the initial development of the Land (including but not limited to the transaction costs, construction costs, consultancy fee, interest for bank borrowing, marketing fee and development management fee) will amount to approximately HK\$88,000,000, of which HK\$39,600,000 shall be contributed by the Purchaser in accordance with its shareholdings in the Target Company.

The Group intends to finance the capital commitment for the development of the Land from its internal resources and external borrowings from bank and other financial institute.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Malaysia with limited liability, which is wholly-owned by the Vendor. The Target Company is principally engaged in property development and investment. The principal asset of the Target Company is the Land. The Land is currently a vacant site located adjacent to the existing Kota Serie-mas Golf and Country Club within approximately 15 minutes driving distance from the Kuala Lumpur International Airport in Nilai, Negeri Sembilan.

Set out below are the financial information of the Target Company for the financial years ended 30 June 2017 and 30 June 2018 and the six months ended 31 December 2018:

	For the year ended 30 June		For the six months ended 31 Decemeber
	2017	2018	2018
	RM	RM	RM
	(audited)	(audited)	(unaudited)
Revenue	–	–	–
Net profit/(loss) before taxation	(3,971)	(4,226)	300,000
Net profit/(loss) after taxation	(3,971)	(4,226)	300,000

The unaudited net assets of the Target Company as at 31 December 2018 was approximately RM276,642.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the allotment and issuance of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company from the date of this announcement up to the date of Completion):

Name of Shareholders	As at the date of this announcement		Immediately after allotment and issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company since the date of this announcement)	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Praise Treasure Limited ^(Note)	753,040,000	55.46%	753,040,000	52.97
Vendor (or its nominees)	–	–	63,818,181	4.49
Existing public Shareholders	604,834,000	44.54%	604,834,000	42.54
Total	1,357,874,000	100%	1,421,692,181	100%

Note: Praise Treasure Limited is wholly owned by Mr. Chen Yenfei, the Chairman of the Board and an executive Director.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment trading, and investment holding company and provides corporate management services. The principal activities of the Group include pharmaceutical distribution and pharmaceutical manufacturing businesses in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2017, the Group has investment in a property development project of logistic centre in Chengdu, the PRC. The Company continues to seek other opportunities in property sector in order to diversify the business risk of the principal business of the Group of pharmaceutical distribution and pharmaceutical manufacturing businesses in the PRC. The Board considers that the Acquisition could be a good investment opportunity for the Group to explore and invest in the Malaysia property market. The Board currently intends to develop the Land into service suits and hotel guests rooms for investment purpose to receive rental income and plans to engage a local professional property manager to manage the properties and the leases upon the completion of construction of the properties. The Board intends to employ professionals of property development in Malaysia to oversee the development of the Land and the Vendor, also the shareholder of the Target Company, has extensive experience and network in Malaysia property market. Taking into account the prime location of the Land near the Kuala Lumpur International Airport, the Company believes that the Acquisition could generate stable cashflow and income to the Company and may enjoy potential capital appreciation in the future.

Taking into account the above factors, the Directors consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholder's approval requirement under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the acquisition by the Purchaser of the Sale Shares from the Vendor pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 8 March 2019 and entered into between the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of Directors
“Business Day”	any day(s) except Saturday, Sunday or other day on which licensed banks in Hong Kong and state of Selangor, Malaysia are open for business throughout their normal business hours
“Company”	Pa Shun International Holdings Limited (百信國際控股有限公司), 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 (stock code: 574)
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	a date falling within ten (10) days after the fulfilment (or waiver) of the conditions under the Agreement unless extended further by mutual agreement between the Purchaser and the Vendor

“Condition Period”	means the period of sixty (60) days commencing on the day immediately after the date of the Agreement or such later date as the Parties may agree in writing
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration in the sum of HK\$35,100,000 payable by the Purchaser to the Vendor for the Acquisition as described under the paragraphs headed “Consideration” in this announcement
“Consideration Shares”	the 63,818,181 new Shares to be allotted and issued by the Company at the Issue Price to the Vendor (or its nominee(s)) to satisfy the Consideration
“Director(s)”	the director(s) of the Company
“General Mandate”	the general unconditional mandate granted by the Shareholders to the Board at the annual general meeting of the Company held on 28 June 2018 to allot, issue and deal with up to 212,912,800 new Shares by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the Listing Rules)
“Issue Price”	the issue price of HK\$0.55 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Purchaser”	Big Wish Global Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Sale Shares”	such number of shares of RM1.00 each, representing 45.0% of the entire issued share capital of the Target Company upon Completion on fully diluted basis
“Share(s)”	the ordinary share(s) of HK\$0.001 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	VR Green Sdn Bhd, a company duly incorporated under the laws of Malaysia, which is wholly and beneficially owned by the Vendor
“Vendor”	Mawar F & B Group Sdn Bhd, a company incorporated under the laws of Malaysia, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“%”	per cent.

By order of the Board
Pa Shun International Holdings Limited
Mr. Chen Yenfei
Chairman and Executive Director

Hong Kong, 8 March 2019

As at the date of this announcement, the executive Directors are Mr. Chen Yenfei, Mr. Shen Shun and Mr. Chen Rongxin; the non-executive Director is Mr. Zhang Xiongfeng; and the independent non-executive Directors are Mr. Liu Liangzhong, Mr. Wong Tak Shing and Mr. Lu Yongchao.