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百信集團
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
ACQUISITION OF THE ENTIRE ISSUED SHARES OF
PARKWELL SERVICES CONSULTANTS LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE**

Financial adviser to the Company



References are made to the announcements of the Company dated 8 March 2019 and 19 March 2019 in relation to the Previous Acquisition.

The Board is pleased to announce that on 3 April 2019 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors in relation to the acquisition of the Sale Shares at the Consideration of HK\$19,090,400, 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 Vendors (or their respective nominee(s)).

The relevant percentage ratios in respect of the Acquisition is less than 5%, the Acquisition by itself would not constitute a discloseable transaction on the part of the Company. As the Previous Acquisition and the Acquisition will be completed within 12 months period, if the Previous Acquisition and the Acquisition are to be aggregated and treated as if they were one transaction under Rules 14.22 and 14.23 of the Listing Rules, the highest applicable percentage ratios under Chapter 14 of the Listing Rules would exceed 5% but are less than 25% and shall classified as a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not be materialised. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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THE ACQUISITION

Principal terms of the Sale and Purchase Agreement are set out as follows:

Date

3 April 2019

Parties

- (1) Big Wish Global Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser;

- (2) The Vendor A; and
- (3) The Vendor B.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and each of the Vendors has conditionally agreed to sell 50% of the issued share capital of the Target Company.

The Sale Shares represent in aggregate 100% of the issued share capital of the Target Company, which shall be sold to the Purchaser free from all encumbrances and third party rights. Upon Completion, the Target Company will be wholly-owned by the Purchaser, while the Property Company will be accounted for as an associate of the Company in the Group's consolidated financial statements.

Consideration and payment terms

The total Consideration for the Acquisition is HK19,090,400, 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 Vendors (or their respective nominees) in the following manner:

- 17,354,909 Consideration Shares, representing 50% of the total number of Consideration Shares will be issued and allotted to the Vendor A at the Issue Price upon Completion; and
- 17,354,909 Consideration Shares, representing 50% of the total number of Consideration Shares will be issued and allotted to the Vendor B at the Issue Price upon Completion.

Upon allotment and issue of the Consideration Shares, the payment obligations of the Purchaser under the Sale and Purchase Agreement shall be fully discharged.

The Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to (i) the market value of the Properties as determined by reference to a valuation report prepared by an independent valuer appointed by the Purchaser; (ii) the attributable interest in the Properties enjoyed by the Target Company; and (iii) a discount to the market value in light of the fact that the Properties are under construction as at the date of the Sale and Purchase Agreement. 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 of the Acquisition is subject to and conditional upon, the fulfilment or waiver of, the following conditions precedent:

- (i) the Purchaser is satisfied with the results of the due diligence exercise conducted on the Target Company and the Property Company;
- (ii) the Purchaser obtaining the approval of its board of directors and its shareholders in general meeting for the purchase of the Sale Shares, if required;
- (iii) the Company obtaining the approval of its' Board and/or its' shareholders in general meeting for the purchase of the Sale Shares, if so required;
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Consideration Shares;
- (v) the obtaining of a legal opinion (in the form and substance to the satisfaction of the Purchaser) from a qualified Malaysian legal adviser appointed by the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement, including, but not limited to, the due incorporation and subsistence of the Property Company, the beneficial ownership of the Property Company, and the legality and validity of the Properties in Melaka, Malaysia;
- (vi) the obtaining of a valuation report (in the form and substance satisfactory to the Purchaser) from a firm of independent professional valuer appointed by the Purchaser showing the valuation of the Properties to be not less than HK\$40,000,000;

- (vii) the warranties given by the Vendors under the Sale and Purchase Agreement remaining true, accurate and complete in all respects; and
- (viii) the parties obtaining the approval or consent of any other relevant authority(ies) or person(s) for the sale and purchase of the Sale Shares, if required.

Save for conditions (i) and (vii) above could be waived by the Purchaser at its absolute discretion, all the conditions precedent could not be waived. In the event that the conditions precedent are not fulfilled (or waived, as the case may be) within a period of three months from the date of the Sale and Purchase Agreement or such extension as may be mutually agreed by the parties thereto, then upon expiration of such extension, the Sale and Purchase Agreement shall determine and cease to have any further force and effect (save for any surviving provisions) with neither party having any rights and obligations against the other (save or any antecedent breach hereunder).

Consideration Shares

Pursuant to the Sale and Purchase Agreement, 34,709,818 Consideration Shares will be allotted and issued by the Company to the Vendors (or their respective nominees) on Completion, representing (a) approximately 2.41% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 2.35% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

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

The Consideration Shares will be allotted and issued under the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 212,912,800 new Shares, being 20% of the then total issued Shares as at the date of the annual general meeting of the Company held on 28 June 2018. The 34,709,818 new Shares, to be allotted and issued pursuant to the Sale and Purchase Agreement, will utilize approximately 16.3% of the General Mandate.

As at the date of this announcement, save for approximately 38.71% of the General Mandate has been utilized for the Previous Acquisition, being a total of 82,490,090 Shares, the General Mandate has not been previously utilized prior to the date of this announcement. As such, no further approval is required to be obtained from the Shareholders for the allotment and issue of the Consideration Shares.

An application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

Issue Price

The Issue Price of HK\$0.55 was arrived at after arm's length negotiations between the Purchaser and the Vendor, which represents:

- (i) a premium of approximately 29.41% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on the date of signing of the Sale and Purchase Agreement; and
- (ii) a premium of approximately 17.77% to the average closing price of HK\$0.467 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Sale and Purchase Agreement.

The Issue Price was arrived at after arm's length negotiations between the Vendors and the Company 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

The Completion shall take place on the third business day upon the fulfillment (or waiver, as the case may be) of the conditions precedent of the Sale and Purchase Agreement (or such later date as the Vendors and the Purchaser may agree in writing).

INFORMATION OF THE TARGETS AND THE PROPERTIES

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. It holds 49% of the legal and beneficial interest in the issued share capital of the Property Company. The remaining 51% of the issued share capital of the Property Company is held by a Malaysia national, which is an Independent Third Party.

The Property Company is a company incorporated in Malaysia with limited liability and is principally engaged in property investment. The principal asset of the Property Company is the Properties. The Properties comprise of 20 units located in the building called “The Apple” located in Melaka, Malaysia, which is a multi-storey building consisting of 361 units in total, all of which will be used as serviced apartments. The building is located in the city centre of the city of Melaka and is a prime commercial area and tourist attraction. As at the date of this announcement, the building is under construction and completion thereof is expected to take place in around the fourth quarter of 2019. The aggregate gross floor area of the 20 units is approximately 21,606 square feet.

Upon Completion of the construction, the 20 units will be rented to residents as serviced apartments and generate rental income to the Property Company.

The Target Company was newly incorporated to hold the Property Company and the Properties and has no profit or loss during the year ended 31 December 2017 and 2018 and no net asset as at 31 December 2018. The market value of the Properties as at 29 March 2019 was HK\$40,000,000 which resulted in an investment in associate (49% interest) held by the Target Company of HK\$19,600,000.

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.

Upon completion of the Previous Acquisition, the Company is indirectly interested in 49% of a Malaysia company, which in turn is interested in a total of 48 units situated in the building called “The Apple” located in Melaka, Malaysia. Upon further consideration and review of the project and the investment prospect, the Board decided to acquire further interest in 20 units of “The Apple” and considers that the Acquisition is a good investment opportunity for the Group to further invest in the Malaysia property market. The Company currently intends to, through the Property Company, hold the Properties for investment purpose to receive rental income and will engage a local professional property manager to manage the Properties and the leases upon the completion of construction of the Properties. Taking into account the prime location of the Properties located in the city centre of the city of Melaka, 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 Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue 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):

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Praise Treasure Limited (<i>Note</i>)	753,040,000	5.28	753,040,000	51.05
Vendor A	41,204,545	2.86	58,559,454	3.97
Vendor B	41,204,545	2.86	58,559,454	3.97
Other public Shareholders	604,834,000	41.99	604,834,000	41.01

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

LISTING RULES IMPLICATIONS

The relevant percentage ratios in respect of the Acquisition is less than 5%, the Acquisition by itself would not constitute a discloseable transaction on the part of the Company. As the Previous Acquisition and the Acquisition will be completed within 12 months period, if the Previous Acquisition and the Acquisition are to be aggregated and treated as if they were one transaction under Rules 14.22 and 14.23 of the Listing Rules, the highest applicable percentage ratios under Chapter 14 of the Listing Rules would exceed 5% but are less than 25% and shall classified as a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not be materialised. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the terms of Sale and Purchase Agreement
“Board”	the board of Directors
“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”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration”	the total consideration of the Acquisition in the amount of HK\$19,090,400
“Consideration Shares”	the aggregate of 34,709,818 new Shares to be allotted and issued by the Company at the Issue Price to the Vendors (or their respective nominee(s)) to satisfy the Consideration
“Directors”	the directors 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”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an independent third party not connected with the Company or its connected persons (as defined 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
“Previous Acquisition	the acquisition by the Group from the Vendors of the entire issued share capital of Bisan Parkwell Consultants Limited, a company holding 49% of a Malaysia company, which in turn is interested in a total of 48 units situated in the building called “The Apple” located in Melaka, Malaysia
“Properties”	a total of 20 units situated in the building called “The Apple” located in Melaka, Malaysia
“Property Company”	Massive Goodwell Sdn. Bhd., a private limited company incorporated in Malaysia
“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 and Purchase Agreement”	the sale and purchase agreement dated 3 April 2019 and entered into between the Purchaser and the Vendors in respect of the Acquisition
“Sale Shares”	an aggregate of 10,000 ordinary shares in the capital of the Target Company representing the entire issued share capital of the Target Company
“Shareholders”	holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.001 each of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Parkwell Services Consultants Limited (百惠服務顧問有限公司), a company incorporated in the Hong Kong with limited liability
“Vendor A”	Mr. Chu Hin Ming Alfonso (朱顯明), an Independent Third Party, who is holding 41,204,545 Shares as at the date of this announcement
“Vendor B”	Mr. Yu Kin Wai Perway (余健偉), an Independent Third Party, who is holding 41,204,545 Shares as at the date of this announcement
“Vendors”	together, Vendor A and Vendor B
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
Pa Shun International Holdings Limited
Mr. Chen Yenfei
Chairman and Chief Executive Officer

Hong Kong, 3 April 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.