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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)**

### **VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

This announcement is made by Huasheng International Holding Limited (the “**Company**”, together with its subsidiaries, collectively as the “**Group**”) on a voluntary basis to keep shareholders of the Company and potential investors informed of the latest business plan and development of the Group.

#### **STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 19 July 2022, the Company entered into a non-legally binding strategic cooperation framework agreement (the “**Cooperation Agreement**”) with KR Trading Limited (“**KR Trading**”), for the possible cooperation between the parties. Pursuant to the Cooperation Agreement, the Group and KR Trading agreed to (i) make use of each other’s business network and operational expertise to identify potential business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”) and Hainan province; and (ii) give due consideration (subject to applicable laws, rules and regulations) to engage each other as a business partner and/or formation of a joint venture to commence natural sand business or procure to enter into natural sand business transactions in the Greater Bay Area and Hainan Province.

The Cooperation Agreement is a non-legally binding framework agreement setting out the principles on long-term cooperation and strategic direction. Cooperation with KR Trading is subject to further negotiation and execution of formal agreement(s) between the Group and KR Trading.

## **BACKGROUND OF KR TRADING**

KR Trading is a company incorporated in Hong Kong with limited liability and its principal business activity is the supply of natural sand and gravels from the Philippines. Its management team has solid experience on the supply of natural sand and gravels to major infrastructure construction projects, including and most notably, reclamation of the third runway of the Hong Kong International Airport.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, KR Trading and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

## **REASONS FOR ENTERING INTO THE COOPERATION AGREEMENT**

The Group is principally engaged in (i) production and sales of ready-mixed commercial concrete; (ii) wholesale and retail of household consumables; and (iii) provision of money lending services. As mentioned in the Company's annual report for the year ended 31 March 2022, the Group has been exploring business or investment opportunities in the same industry including horizontal expansion by acquiring small to medium size concrete manufacturing plants to capture larger market shares or vertical expansion by acquiring businesses in concrete's raw material, namely sand and gravels.

In recent years, the government of the People's Republic of China (the "**PRC**") has introduced several policies on ecological protection which led to the ban and cracking down on river sand mining business and the shortage of natural sand supply in the PRC while the demand for sand and gravels remained high as the infrastructure projects driving up the consumption. As a result, the price of sand and gravels are expected to continue to rise. As sand and gravels are the key raw materials of the Group's concrete business, the Directors believe that the Group could benefit from the Cooperation Agreement with KR Trading to secure the supply of sand and gravels. Cooperation with KR Trading also provides the opportunity to tap into the supply of sand and gravels business in the Greater Bay Area and Hainan Province since KR Trading has obtained various qualifications and licenses and access to the abundant resources in the Philippines. It also has experienced management team and solid operational track record. The Directors believe that the Cooperation Agreement provides a more flexible, efficient and cost-effective opportunity for the Group to cooperate with an experienced operator to establish its business presence in the Greater Bay Area.

It is also expected that the operational expertise and business network of the Group and KR Trading can synergise with each other and expedite the Group's business development in both Hainan Province and the Greater Bay Area.

## **GENERAL**

The Board wishes to emphasise that the implementation of the cooperation and transactions contemplated under the Cooperation Agreement shall be subject to the execution of specific agreements and the aforesaid cooperation may or may not proceed. As of the date of this announcement, no transaction has been entered into under the Cooperation Agreement. In the event that any legally binding agreements are signed, further announcement(s) will be made by the Company in compliance with the Listing Rules if and when necessary.

**Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 19 July 2022

*As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chan Kin Lung and Mr. Wong Jeffrey; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Mr. Li Kwok Tai, James.*