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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 6 October 2023 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placers who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 839,600,000 Placing Shares at the Placing Price of HK\$0.016 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 9 August 2023.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 4,198,098,293 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be approximately HK\$8.40 million.

The Placing Price of HK\$0.016 per Placing Share represents (i) a discount of approximately 15.79% to the closing price of HK\$0.019 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.79% to the average closing price of approximately HK\$0.019 as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$13.43 million and HK\$13.12 million respectively. On such basis, the net issue price will be approximately HK\$0.016 per Placing Share.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 6 October 2023 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 839,600,000 Placing Shares at the Placing Price of HK\$0.016 per Placing Share.

The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date: 6 October 2023

Parties: the Company; and

the Placing Agent, an Independent Third Party

Pursuant to the terms of the Placing Agreement, the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 839,600,000 Placing Shares at the Placing Price of HK\$0.016 per Placing Share. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing commission

The Placing Agent will charge the Company a placing commission equivalent to 2% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market condition.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties. It is expected that none of the Placees nor their associates will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 4,198,098,293 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be approximately HK\$8.40 million.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon allotment and issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.016 per Placing Share represents (i) a discount of approximately 15.79% to the closing price of HK\$0.019 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.79% to the average closing price of approximately HK\$0.019 as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be approximately HK\$13.43 million and HK\$13.12 million respectively. On such basis, the net issue price will be approximately HK\$0.016 per Placing Share.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 839,619,658 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Placing Shares is not subject to further Shareholders' approval.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Condition of the Placing Agreement

Completion of the Placing is conditional upon the listing of, and the permission to deal in, the Placing Shares being granted by the Stock Exchange on or before 12:00 noon on 27 October 2023 or such later date as agreed between the Company and the Placing Agent in writing (the "**Long Stop Date**"). If the above condition is not satisfied on or prior to 12:00 noon on the Long Stop Date, the Placing Agreement shall terminate and none of the Company or the Placing Agent shall have any claim against the other for damages, compensation or otherwise, provided however that the Company shall remain liable for the payment of any costs, charges and expenses referred to in the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place on the third Business Day after the fulfilment of the above condition precedent or on such other date as the Company and the Placing Agent may agree.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 9:00 a.m. on the date of completion of the Placing upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent the success of the Placing would or might be adversely affected by,

- (1) any material breach of any of the representations and warranties of the Company set out in the Placing Agreement;
- (2) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than seven trading days (other than in connection with the Placing); or
- (3) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (4) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not *sui generis* with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (5) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or any other stock exchange on which the Company's securities are traded, occurring due to exceptional financial circumstances or otherwise; or
- (6) a change in taxation in Hong Kong, or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Company in their capacity.

Upon termination of the Placing Agreement, none of the Company or the Placing Agent shall have any claim against the other for damages, compensation or otherwise, provided however that the Company shall remain liable for the payment of any costs, charges and expenses referred to in the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$13.43 million and HK\$13.12 million respectively. As disclosed in the annual report of the Company for the year ended 31 March 2023, as at 31 March 2023, the Group has bank balance and cash of approximately HK\$69.5 million and current liabilities of approximately HK\$602.0 million, among which approximately HK\$117.2 million are borrowings due on or before 31 March 2024. The Company intends to use the net proceeds from the Placing for the repayment of outstanding short-terms liabilities of Group. In the event that the bank balance and cash of the Group is not sufficient to repay such short-term liabilities, the Group may conduct further fund raising activities to raise additional funds.

The Directors consider that the Placing represents a good opportunity to raise additional funds through the equity market and will strengthen the Group's financial position.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and assuming all the Placing Shares are fully placed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>
Shareholders				
Twin Star Global Limited (<i>Note</i>)	243,890,000	5.81	243,890,000	4.84
The Placees	–	–	839,600,000	16.67
Other public Shareholders	<u>3,954,208,293</u>	<u>94.19</u>	<u>3,954,208,293</u>	<u>78.49</u>
Total:	<u>4,198,098,293</u>	<u>100.00</u>	<u>5,037,698,293</u>	<u>100.00</u>

Note: Twin Star Global Limited is wholly and beneficially owned by Mr. Wong Wai Sing, the chairman and executive director of the Company.

GENERAL

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 9 August 2023
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday) on which commercial banks are generally open for business in Hong Kong
“Company”	Huasheng International Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 1323)
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	Director(s) of the Company

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to allot, issue or deal with 839,619,658 Shares, being 20% of the number of issued Shares as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company, any promoter, director, supervisor, chief executive, controlling shareholder (as defined in the Listing Rules) or substantial shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporates, institutional investors or other investors to be procured and selected by the Placing Agent in its sole discretion to subscribe for any of the Placing Shares
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Grand China Securities Limited, a licensed corporation to carry on business in Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 6 October 2023 in relation to the Placing
“Placing Price”	HK\$0.016 per Placing Share
“Placing Shares”	an aggregate of up to 839,600,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company and each a “Share”
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 6 October 2023

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.