

DATED: 6 October 2023

HUASHENG INTERNATIONAL HOLDING LIMITED

(as Company)

and

GRAND CHINA SECURITIES LIMITED

(as Placing Agent)

PLACING AGREEMENT

**relating to placing of up to 839,600,000 shares
of par value HK\$0.01 each
in Huasheng International Holding Limited
at HK\$0.016 per share**

THIS PLACING AGREEMENT is made on 6 October 2023

BETWEEN:

- (1) **Huasheng International Holding Limited** (a company incorporated in the Cayman Islands with limited liability) whose registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business at Suites 2301-03, 23/F., Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong (the “**Company**”); and
- (2) **Grand China Securities Limited** (a company incorporated in Hong Kong with limited liability) whose registered office in Hong Kong is situated at Room 503, 5/F. Loke Yew Building, 50-52 Queen’s Road Central, Central, Hong Kong (the “**Placing Agent**” or “**GRAND CHINA**”).

WHEREAS:

- (A) The Company is a company incorporated in Cayman Islands with limited liability. The Company has at the date of this Agreement an authorized share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each, of which 4,198,098,293 Shares have been issued and are fully paid. All of the issued Shares are currently listed on Main Board of the Stock Exchange (as defined below).
- (B) The directors of the Company have been duly authorized pursuant to an ordinary resolution of the shareholders of the Company passed on 9 August 2023 to allot and issue new Shares not exceeding 20% of the total number of the issued shares of the Company as at 9 August 2023 (the “**General Mandate**”).
- (C) The Placing Agent, in reliance upon the representations, warranties and undertakings of the Company contained herein, has agreed to be appointed as placing agent of the Company, on a best effort basis, to procure for not less than six (6) Placees (as defined below) for the Placing Shares (as defined below) at the Placing Price (as defined below) upon the terms and subject to the conditions set out in this Agreement (the “**Placing**”).

IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement (including the Recitals hereto) unless specifically provided otherwise or the context otherwise requires.

(a) The following definitions are used:

“**Accounts Date**” means 31 March 2023, being the date to which the last audited accounts of the Company were published in the final results announcement of the Company for the year ended 31 March 2023;

“**Agreement**” means this placing agreement as amended or varied from time to time by an agreement in writing duly executed by the Parties hereto;

“**Associate**” has the meaning ascribed thereto under Rule 1.01 of the Listing Rules;

“**Audited Accounts**” means the audited consolidated financial statements of the Company for the financial year ended 31 March 2023;

“**Business Day**” means any day (excluding Saturday and Sunday) on which commercial banks are generally open for business in Hong Kong;

“**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“**Closing Time**” means the time at which the condition set out in Clause 2.5 is fulfilled or such other time and date as the Company and the Placing Agent may agree in writing;

“**Companies Ordinance**” means the Companies Ordinance, Chapter 622 of the Laws of Hong Kong;

“**Group**” means the Company and its Subsidiaries;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Hong Kong Share Registrar**” means the share registration agent of the Company in Hong Kong, Tricor Investor Services Limited;

“**HK\$**” means Hong Kong dollars;

“**Indemnified Persons**” means the Placing Agent and any person or persons appointed as its sub-placing agents pursuant to Clause 2.2 together with their respective affiliates, their respective directors, officers, agents and employees and any other entity or person controlling the Placing Agent or any such sub-placing agents or any of their respective affiliates which shall have been involved in effecting the Placing and “**Indemnified Person**” means any one of them;

“**Listing Rules**” means the Rules Governing the Listing of Securities on the Stock Exchange;

“**Long Stop Date**” means 27 October 2023 or such other day as may be agreed between the Company and the Placing Agent;

“**Parties**” means the named parties to this Agreement and their respective successors and permitted assigns and “**Party**” means each one of them;

“**Placee(s)**” means any professional, institutional and/or other investors whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations hereunder;

“Placing Announcement” means the announcement in the agreed form proposed to be issued by the Company as soon as reasonably practicable following the execution of this Agreement;

“Placing Commission” means a commission of 2% of the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent;

“Placing Completion” means completion of the obligations of the Parties pursuant to Clause 3 of this Agreement;

“Placing Completion Date” means three Business Days immediately following receipt of the listing approval referred to in Clause 2.5 on which completion of this Agreement shall take place pursuant to Clause 3 or such other date as the Parties may agree;

“Placing Price” means HK\$0.016 per Share;

“Placing Shares” means up to 839,600,000 Shares to be issued and to be placed pursuant to the terms set out in this Agreement;

“PRC” means the People’s Republic of China;

“Proceedings” means any claims, actions, liabilities, demands, proceedings or judgments;

“Securities and Futures Ordinance” means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;

“SFC” means the Securities and Futures Commission of Hong Kong;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Shares” means ordinary shares of par value HK\$0.01 each of the Company;

“Subsidiary” has the same meaning as in Section 15 of the Companies Ordinance; and

“Takeovers Code” means the Hong Kong Code on Takeovers and Mergers and Share Buy-backs issued by the SFC.

- (b) In this Agreement, unless otherwise specified:
- (i) references to Clauses and Schedules are to clauses of and the schedules to this Agreement;
 - (ii) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to person include bodies corporate or unincorporated;

- (iii) any document expressed to be “in the agreed form” means a document approved by the Parties hereto and for the purpose of identification signed by the Company and the Placing Agent;
- (iv) the words “include”, “includes” and “including” as used herein shall be construed as if followed by the words, “without limitation”; and
- (v) the Schedules shall constitute a part of, and are hereby incorporated into, this Agreement.

1.2 Headings are for convenience only and shall not affect the construction of this Agreement.

2. APPOINTMENT OF GRAND CHINA AND THE PLACING OBLIGATIONS

- 2.1 The Company hereby appoints GRAND CHINA as the sole placing agent to the exclusion of all others to procure not less than six (6) Placees on the best effort basis for the Placing Shares at the Placing Price on the terms and subject to the conditions set out in this Agreement and the Placing Agent, relying on the representations, warranties and undertakings on the part of the Company contained herein, accept such appointment on the terms and subject to the conditions set out in this Agreement.
- 2.2 The Company hereby confirms that the appointment pursuant to Clause 2.1 confers on the Placing Agent in accordance with the provisions hereof all powers, authorities and discretions on its behalf which are reasonably necessary for, or reasonably incidental to, the Placing (including the power and authority to delegate its functions hereunder to any other person or persons to act as agent or agents of the Placing Agent), and the Company hereby approves, ratifies and confirms everything which the Placing Agent may lawfully do or have done pursuant to or in anticipation of the terms of such appointment, powers, authorities and discretions in accordance with this Agreement. The Company agrees on the request by the Placing Agent, to execute or do, or procure that there shall be executed and done, all such documents and things as the Placing Agent may deem necessary for such purposes.
- 2.3 The Placing Shares shall be offered by the Placing Agent on behalf of the Company at the Placing Price (together with such brokerage commission, Stock Exchange trading fee, CCASS settlement fee and SFC transaction levy as may be payable by Placees) during the period from the time of signature of this Agreement up to the Closing Time (or such later time and date as the Company and the Placing Agent may agree in writing).
- 2.4 The Company shall procure that the Placing Shares shall be allotted and issued pursuant to the Placing free and clear from all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching thereto at the Placing

Completion Date, including the right to receive all dividends or other distributions thereafter declared, made or paid on the Placing Shares.

- 2.5 Notwithstanding the other provisions contained herein, the Placing is conditional upon the listing of, and permission to deal in, the Placing Shares being granted by the Stock Exchange on or before 12:00 noon on the Long Stop Date. If such condition is not fulfilled on or prior to 12:00 noon on the Long Stop Date, this 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 Clause 6.2. The Company shall use its reasonable endeavours to procure that the condition set out in this Clause 2.5 is fulfilled on or before the Long Stop Date. The Placing Agent shall promptly provide to the Stock Exchange and the SFC all information concerning itself and the Placees in accordance with the relevant provisions of the Listing Rules and as the Stock Exchange and the SFC may require.
- 2.6 The Placing Agent as agent of the Company agrees itself or through its sub-placing agent(s) to procure not less than six (6) Placees on the best effort basis for the Placing Shares at the Placing Price (together with such brokerage commission and Stock Exchange trading fee, CCASS settlement fee, SFC transaction levy as may be payable by Placees) on the terms set out in this Agreement.
- 2.7 The Placing Shares shall be offered to not less than six (6) Placees in board lots of 2,000 Shares. The Placing Shares shall be offered by the Placing Agent to not less than six (6) Placees. The choice of Placees for the Placing Shares shall be determined by the Placing Agent after consultation with the Company, subject to the requirements of the Listing Rules, in particular, the Placing Agent will use best endeavours to ensure that each Placee and its respective ultimate beneficial owner procured by such individual Placing Agent is a third party that is 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.
- 2.8 To the extent any subscription of Placing Shares will not be settled by book-entry settlement through CCASS and provided that the conditions set out in Clause 2.5 of this Agreement is fulfilled on or before 12:00 noon on the third Business Day immediately prior to the Placing Completion Date, by no later than 4:00 p.m. on the Business Day prior to the Placing Completion Date, the Placing Agent shall deliver to the Company a schedule showing details of the Placees including their names, the number of Placing Shares purchased by each Placee, country of incorporation (if a corporation), addresses (or registered address if a corporation), and the Placing Agent shall, as soon as practicable and in any event not later than the time and date required by the Stock Exchange and/or the SFC deliver to the Stock Exchange and the SFC such substantially completed details of the Placees in the form from time to time prescribed by them.
- 2.9 To the extent permitted by any applicable laws, rules and regulations, the Company shall provide to the Placing Agent, at its reasonable request, all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Group as may be reasonably required by the Placing Agent in connection with the Placing for

the purposes of complying with all requirements of applicable law or of the Stock Exchange or of the SFC.

3. PLACING COMPLETION

3.1 After signing of this Agreement and before Placing Completion, the Company shall deliver to, or procure the delivery to the Placing Agent or as the Placing Agent may direct:

- (a) a certified true copy of board minutes of the Company approving the entering into of this Agreement by the Company, the Placing and all activities in connection with and transactions contemplated under the Placing;
- (b) copies of the instruction to the Hong Kong Share Registrar and CCASS informing the appointment of GRAND CHINA as the Placing Agent of the Company in connection with the Placing;
- (c) copies of instruction letters, placing forms and other documents issued by the Company to Hong Kong Share Registrar required for the deposit by the Placing Agent of the Placing Shares into CCASS; and
- (d) a copy of its written instruction to Hong Kong Share Registrar to update the register of members to reflect the issue of the Placing Shares.

3.2 On or before 12:00 noon on the Placing Completion Date, the Company shall:

- (a) issue fully paid and allot to, or for the benefit of, the Placees such number of Placing Shares as subscribed for by them and shall procure that the Placees, or as appropriate HKSCC Nominees Limited, are registered on the Company's share register in Hong Kong in respect thereof;
- (b) provide to the Placing Agent evidence satisfactory to the Placing Agent that the Company has issued the relevant share certificate(s) in the name of the Placees in accordance with the details provided by the Placing Agent or (if requested by a Placee) to HKSCC Nominees Limited and delivered such certificates to Hong Kong Securities Clearing Company Limited for credit to the CCASS stock accounts in accordance with the Placee details as provided by the Placing Agent pursuant to Clause 2.8; and
- (c) if the transfer of some or all of the Placing Shares is to be settled by book-entry settlement through CCASS, evidence satisfactory to the Placing Agent that the Company has given an irrevocable delivery instruction to effect a book-entry settlement of the Placing Shares through CCASS to credit to the CCASS stock account of the Placing Agent, which the Placing Agent shall have notified to the Company two Business Days before the Placing Completion Date.

3.3 Against compliance by the Company with its obligations pursuant to Clauses 3.1 and 3.2, the Placing Agent shall before 12:00 noon on the Placing Completion Date, make or procure the making of payment in Hong Kong dollars to the Company in immediately available funds of an amount equal to the Placing Price multiplied by the

Placing Shares less the Placing Commission, the payment of which shall constitute a complete discharge of the Placing Agent's obligations to subscribe for, or procure subscribers for, the Placing Shares hereunder. Such payment shall be made for value on the Placing Completion Date to such bank account held with a bank in Hong Kong as may be notified by the Company to the Placing Agent at least one Business Day before the Placing Completion Date.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKING

4.1 The Company hereby represents, warrants and undertakes to the Placing Agent that:

- (a) all necessary authorizations, consents and approvals, save for the satisfaction of the condition under Clause 2.5, have been obtained to enable the Placing Shares to be issued and allotted and listed on the Stock Exchange by the Company, the Company has power under its constitutional documents to permit its entry into this Agreement and the Placing in the manner set forth herein and this Agreement (and its performance) has been duly authorized (such authorization remaining in full force and effect) and executed by the Company and constitutes legally binding obligations of the Company, and in entering into this Agreement the Company does not do so in breach of any existing obligation or applicable legislation and/or any rules and regulations;
- (b) the Placing Shares will be issued fully paid up and ranking *pari passu* in all respects with the other Shares in issue as at the Placing Completion Date, including the right to receive all dividends and distributions which may be declared, made or paid after the Placing Completion Date and will be issued free and clear of all liens, encumbrances, equities or other third party rights;
- (c) the Company has made public all information required to be made public by applicable law and regulation; the information released publicly by the Company (the "**Company Disclosure**") does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading in any material respect; and the information contained in Recitals (A) to (B) is true, accurate and not misleading;
- (d) all statements of fact contained in the Placing Announcement other than those relating to statements as to the independence of the Placing Agent and Places for which the Placing Agent is responsible are true and accurate in all material respects and are not misleading in any material respect in the form and context in which they appear and all statements of opinion, intention or expectation of the directors of the Company in relation to the Company or any of its Subsidiaries contained therein are truly and honestly held and have been made after due and careful consideration and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading or which is otherwise material in the context of the Placing;
- (e) save as disclosed in Placing Announcement, since the Accounts Date, the business of the Group has been carried on in the ordinary and normal course and no contracts or commitments of an unusual or unduly onerous nature have

been entered into by any member of the Group; and there has been no undisclosed material adverse change in the financial or trading position or prospects of the Group taken as a whole;

- (f) neither the Company nor any of its Subsidiaries is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) may have or have had during the twelve months preceding the date hereof a significant adverse effect on the financial or trading position of the Group or which individually or collectively are material for disclosure in the context of the Placing and no such litigation, arbitration or proceeding is threatened or pending; nor, to the best of the knowledge, information and belief of the directors of the Company, having made due and careful enquiry are there any circumstances which may give rise to any such litigation, arbitration or proceeding;
- (g) neither the Company nor, any of its Subsidiaries is in breach in any material respect in the context of the Placing, of any rules, regulations or requirements of any applicable stock exchange, law, decree, judgement, legislation, order, regulation, statute, ordinance, treaty or other legislative measure;
- (h) each member of the Group has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation with power to own its assets and to conduct its business in the manner presently conducted and complied with all laws and regulations and requirement relating to registration or notification for taxation purposes and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group;
- (i) no material outstanding indebtedness of any member of the Group has become payable or repayable by reason of any default of such member of the Group and no event has occurred which, with the lapse of time or the fulfilment of any condition or the giving of notice or the compliance with any formality, may result in such indebtedness becoming payable or repayable prior to its maturity date or in a demand being made for such indebtedness to be paid or repaid;
- (j) the Audited Accounts have been prepared on a recognized and consistent basis and in accordance with Hong Kong Financial Reporting Standards;
- (k) since the Accounts Date:
 - (i) each member of the Group has carried on business in the ordinary and usual course in all material respects so as to maintain it as a going concern;
 - (ii) each member of the Group has continued to pay its creditors in the ordinary course of business in all material respects;
 - (iii) there has been no undisclosed material adverse change in the condition, financial or otherwise, or the earnings or business affairs (whether or not arising in the ordinary course of business) of any member of the Group

and no event has occurred which in the reasonable opinion of the Company may give rise to a material adverse change in such position in the foreseeable future;

- (l) the execution and delivery of, and the performance by the Company of its obligations under this Agreement do not and will not, and this Agreement does not and will not result in a breach in any material respect of any provision of the articles of association of any member of the Group;
- (m) the Company will provide the Placing Agent, at its reasonable request, all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group as may be reasonably required by the Placing Agent in connection with the Placing for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defense to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the SFC or any other applicable regulatory body;
- (n) the Company has not been and shall not be at any time engaged in insider dealing for the purposes of the Securities and Futures Ordinance in connection with the Placing and the related transactions entered into pursuant to this Agreement, neither the Company nor any person acting on the Company's behalf or under its control has taken or shall take, directly or indirectly, any action designed or which was designed, or which constitutes or has constituted or might reasonably be or have been expected to cause or result in, stabilization or manipulation of the price of any shares or other securities of the company; and
- (o) the Company shall make all appropriate disclosures pursuant to, and shall comply in all material respects with, the Listing Rules, the Takeovers Code, the Securities and Futures Ordinance and all other applicable laws and regulations in connection with the Placing PROVIDED that the Company shall not be responsible for the making of any disclosure of interest for and on behalf of the Placees under the Securities and Futures Ordinance or otherwise.

4.2 The Placing Agent warrants and undertakes to the Company on behalf of itself on the following terms:

- (a) United States

that the Placing Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, and are being offered and sold in an offshore transaction (as such term is defined in Regulation S) in accordance with Regulation S under the Securities Act.

- (b) Hong Kong

that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Placing Shares other than to persons whose ordinary business is to

buy or sell shares or debentures, whether as principal or as agent, or otherwise in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong); and (ii) it has not issued or caused to be issued and will not issue or cause to be issued documents in relation to the Placing Shares in Hong Kong (unless permitted to do so under the securities laws of Hong Kong) other than with respect to Placing Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) and any rules made thereunder.

(c) General

that it will not offer, sell or deliver any Placing Shares or distribute or publish any documents (including, without limitation to the foregoing, any prospectus, form of application, offering circular, advertisement or other offering material or any report or other document calculated to invite or lead to offers or agreements being made to subscribe Placing Shares) or make any representations or statements in relation to the Placing in any country or jurisdiction except such as, and under circumstances that, will not result in or constitute a breach of any applicable laws and regulations or give rise to a requirement for any prospectus to be published or filed or any registration or qualification to be made or obtained (other than such as are made or obtained by the Placing Agent) in any country or jurisdiction.

that the Placing Agent will use its best endeavours to ensure that all Placees and sub-placing agents in the Placing will be independent of and not connected with the Company, any promoter, supervisor, director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries or any of their respective Associates.

that neither the Placing Agent nor any of its affiliates or any persons acting on its behalf have/has made or shall make, in their respective capacity as agent of the Company in connection with the Placing, to any person to whom any of the Placing Shares may be offered any representation or statement regarding the Company or its Subsidiaries or the financial or business position or prospects of the Company or its Subsidiaries which was not or is not at the time of making the same been disclosed to the public in writing by the Company.

4.3 The Placing Agent represents and warrants to the Company on behalf of itself that it has the full right, power and authority to enter into and perform its obligations under this Agreement and all necessary authorizations, approvals and consents relating to the same have been in full force and effect, and this Agreement is a legal, valid and binding agreement of the Placing Agent enforceable in accordance with its term. The Placing Agent hereby represents, warrants and undertakes with the Company that it will and will procure that its sub-placing agents will comply with the relevant selling restrictions under applicable laws and regulation in respect of the Placing.

4.4 The representations, warranties and undertakings set out in this Clause 4 are given as at the date hereof and shall remain true and accurate and in force from the date hereof up to and including the Placing Completion as if given or made on such date, with reference in each case to the facts and circumstances then subsisting. Each Party

undertakes to notify the other Party of any matter or event coming to its attention prior to the Placing Completion which would or would reasonably be considered to render or have rendered any of the representations, warranties and undertakings set out in this Clause 4 untrue, inaccurate or misleading in any material respect. Each Party shall not, and shall use its best endeavours to procure that none of its subsidiaries shall, at any time prior to or on the Placing Completion Date do or omit to do anything which may cause any of the representation and warranties made by it in this Clause 4 to be untrue in any material respect.

- 4.5 The Placing Agent represents and warrants to the Company that it and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

5. INDEMNITY

- 5.1 The Company undertakes to the Placing Agent for itself and as trustee for each other Indemnified Person to indemnify and hold harmless each Indemnified Person against all or any reasonable costs, expenses (including legal fees as they are reasonably incurred), fees, Proceedings (including, but not limited to, all such losses, costs, charges, expenses and liabilities which the relevant Indemnified Person may pay or incur in investigating, disputing or defending any Proceedings and/or in establishing its rights to be indemnified pursuant to this Clause and/or in seeking advice in relation to any Proceedings) brought or established or threatened to be brought or established against any of the Indemnified Person by any Placee or by any governmental agency, regulatory body or other person which are caused by the Company's fraud or gross negligence:

- (a) directly arising out of or in connection with the proper and lawful performance by the Placing Agent or its sub-placing agents, if any, of their obligations under this Agreement (other than its underwriting obligations referred to in Clause 2.6) and which do not in any such case arise from the Placing Agent's (or any sub-placing agent's) negligence, breach of this Agreement, willful default or fraud as determined by final judgment of a court of competent jurisdiction; or
- (b) directly or indirectly arising out of or in connection with any material breach of any of the representations, warranties and undertakings of the Company and/or its Subsidiaries contained in Clause 4.

- 5.2 The indemnities contained in Clause 5.1 shall remain in full force and effect notwithstanding completion of the Placing in accordance with the terms set out in this Agreement. The relevant Indemnified Person shall be entitled to have full control over the conduct of any such Proceedings, provided that it shall as soon as reasonably practicable give notice to the Company and provide the Company with copies of correspondence and documentation and shall not make any admission of liability, settlement, compromise or consent to the entry of any judgment with respect to any actual, pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder whether or not the Company is an actual or potential party to such claim or action without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed).

6. COMMISSION AND EXPENSES

- 6.1 In consideration of the services of the Placing Agent in relation to the Placing, the Company shall pay to the Placing Agent as set out below:
- (a) provided that completion of the Placing occurs in accordance with Clause 3, in Hong Kong dollars, the Placing Commission;
 - (b) seller's Stock Exchange trading fee, SFC transaction levy and AFRC transaction levy, if any as may be payable in respect of the subscription and allotment of the Placing Shares to the Placees, which amounts the Placing Agent is hereby authorized to deduct from the payments to be made by it to the Company pursuant to Clause 3.3.
- 6.2 Whether or not the Placing is completed, the Company will pay only the reasonable expenses of the Placing Agent and all reasonable charges, fees and expenses of the Hong Kong Share Registrar in connection therewith to the extent already properly incurred in accordance with the terms of this Agreement, which amounts the Placing Agent is hereby authorized to deduct from the payments to be made by it to the Company pursuant to Clause 3.3 for the purposes of paying on the Company's behalf such costs, charges, fees and expenses. All payments to be made by the Company pursuant to this Clause 6 shall be made in full without any set-off, deduction or withholding whatsoever.
- 6.3 If for any reason the Placing is not completed, the Company shall remain liable for the payment of the levy referred to in Clauses 6.1(b) to the extent already incurred.
- 6.4 The Parties hereto hereby confirm that save for the legal costs for Placing Agent's legal adviser in respect of preparation of this Agreement and the Placing and the brokerage commission, Stock Exchange trading fee, CCASS settlement fee and SFC transaction levy as may be payable by Placees, the Company shall pay all levy, charges and fees incurred by the Company or the Placing Agent in connection with or incidental to the Placing.

7. TERMINATION

- 7.1 Notwithstanding anything contained in this Agreement, if, at any time prior to 9:00 a.m. on the Placing Completion Date, in the reasonable opinion of the Placing Agent the success of the Placing would or might be adversely affected by:
- (a) any material breach of any of the representations and warranties set out in Clause 4.1; or
 - (b) 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
 - (c) any of the following events:

- (i) 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
- (ii) 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
- (iii) 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
- (iv) 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 as such;

then, and in any such case, the Placing Agent may terminate this Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 am. on the Placing Completion Date.

7.2 The Company undertakes to inform the Placing Agent of any matter or circumstance which comes to its attention which may fall within Clause 7.1 above. Upon termination of this Agreement pursuant to Clause 7.1 above, 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 Clause 6.2.

8. ANNOUNCEMENTS

Save as otherwise required by the Stock Exchange or as required by any rules, regulations or laws or contractual obligations to which the Company is subject, the Company undertakes that no public announcement, circular, prospectus, report or communication (other than the Placing Announcement and an announcement in relation to the Placing Completion) to shareholders of the Company or to the Stock Exchange concerning the Placing shall be issued, made or despatched by the Company between the date hereof and the Placing Completion Date without prior written approval of the Placing Agent as to the content, timing and manner of making or despatch thereof. The Placing Agent hereby agrees with the Company that such approval shall not be unreasonably withheld or delayed.

9. ASSIGNMENT

9.1 Neither the Company nor the Placing Agent shall be entitled at any time to assign, transfer or otherwise dispose of all or any of its rights and/or obligations under this Agreement or sub-contract or delegate the performance of any of its respective obligations under this Agreement to any person or persons.

10. CONFIDENTIALITY

To the extent that and for so long as any information in relation to the Group made available to the Placing Agent hereunder and in the course of its engagement by the Company is not, or does not, become published or otherwise generally known to the public, or become known to the Placing Agent from sources not under a similar obligation of confidence, the Placing Agent agrees that it will use its best endeavour to ensure that neither it nor any of its directors, officers, employees, advisers or agents shall, without the prior written consent of the Company, directly or indirectly, disclose, publish, use or otherwise bring to the knowledge of other persons, firms or corporations any confidential information furnished in connection with the Placing or acquired in the course of the performance of the Placing Agent's obligations under this Agreement.

11. TIME OF THE ESSENCE

Time shall be of the essence of this Agreement, both as to times, dates and periods, mentioned herein and as to any times, dates or periods which may by agreement in writing be substituted therefor.

12. COSTS

Subject as specifically provided herein, each of the Parties will bear its own costs and expenses incurred in connection with the Placing.

13. NOTICES

Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant Party at its address, email or fax number set out below (or such other address or fax number as the addressee has by one (1) day's prior written notice specified to the other Party):

To the Company:

Huasheng International Holding Limited
Suites 2301-03, 23/F., Far East Consortium Building
No. 121 Des Voeux Road Central
Hong Kong

Fax No.: (852) 2169 3633
Attention: The Board of Directors
Email: general@huashengih.com

To the Placing Agent:

Room 503, 5/F, Loke Yew Building
50-52 Queen's Road Central,
Central, Hong Kong
Fax No.: (852) 21550848

Attention: Louis Leung
Email: css@grandchina.hk

Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered (a) if given or made by letter, when actually delivered to the relevant address; and (b) if given or made by fax or email, when despatched.

14. COUNTERPARTS


This Agreement may be executed in one or more counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart and each such counterpart shall constitute an original of this Agreement but all the counterparts shall together constitute one and the same instrument.

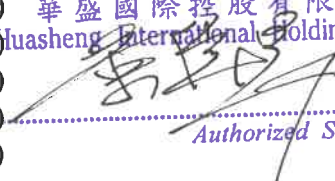
15. GOVERNING LAW; SUBMISSION TO JURISDICTION

- 15.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 15.2 The Parties hereto irrevocably agree that the courts of Hong Kong shall have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement. The Parties each submit irrevocably to the non-exclusive jurisdiction of the courts of Hong Kong in relation to such matters.
- 15.3 Each of the Parties hereto irrevocably waives any objection it may now or hereafter have to the laying of venue of any action or proceeding in any court and any claim it may now or hereafter have that any action or proceeding has been brought in an inconvenient forum.
- 15.4 A person who is not a party to this Agreement shall no rights under the Contracts (Rights of Third Parties) Ordinance (Cap.623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any terms of this Agreement. Consent of any person who is not a party is not required to rescind or vary any provisions of this Agreement.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by
duly authorized for and on behalf of
**HUASHENG INTERNATIONAL
HOLDING LIMITED**
in the presence of:

TSAO Tsa Man


For and on behalf of
) 華盛國際控股有限公司
) Huasheng International Holding Limited
) 
)
) Authorized Signature(s)

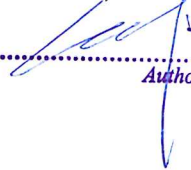
IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by)
duly authorized for and on behalf of)
GRAND CHINA SECURITIES LIMITED)
in the presence of:)

LEUNG HON WING



For and on behalf of
Grand China Securities Limited
華業證券有限公司



.....
Authorized Signature(s)