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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE DISCLOSEABLE TRANSACTION SUBSCRIPTION OF FUND

Reference is made to the announcement (the “**Announcement**”) of the Company dated 10 March 2026 in relation to the Subscription. Unless otherwise defined, capitalised terms used herein shall bear the same meanings as ascribed in the Announcement.

The Board would like to provide the Shareholders with additional information in relation to and an update on the Subscription and the Fund as follows:

STRUCTURE AND OPERATION OF THE FUND

As at the date of this announcement, all the Limited Partner interests of the Fund are wholly-owned by Virtual Garden Investments Limited, a wholly-owned subsidiary of the Company, and the financial results of the Fund will not be consolidated into the accounts of the Company. Where a suitable subscriber is identified and the appropriate opportunity arises, subject to compliance with applicable laws and regulations, additional Limited Partners may be admitted to the Fund by the General Partner.

In order to monitor the investments made by the Fund and the performance of the Fund, the General Partner will submit a report to the Company periodically setting out details in relation to, amongst others, the rate of growth of the Fund, the net asset value of the Fund and the amount distributed to the limited partner(s) (the “**Reporting Mechanism**”) which will provide the Company with the necessary information to assess whether the investment objectives of the Fund have been satisfied. The chief financial officer (the “**CFO**”) of the Group and the financial controller of the Group (the “**Financial Controller**”) are responsible for monitoring the performance of the Fund. The CFO and the Financial Controller will review the report prepared by the General Partner as part of the Reporting Mechanism and report such findings to the Board.

In situations where the Fund’s performance materially deviates from expectations or the Fund’s investment objectives in the view of the Board and the management of the Company, the Company, in its capacity as a Limited Partner, may raise questions, seek clarifications and hold discussions with the General Partner and/or the Investment Advisor regarding the key performance drivers, portfolio positioning, valuation assumptions and risk management measures. Where such explanation is not satisfactory to the Company and the Company is of the view that the Fund’s performance and/or investment does not align with the Fund’s investment objectives, the Subscriber, as a Limited Partner, may seek to take legal action to protect its rights. Furthermore, where the return of the Fund falls below the Company’s expectations of not less than 8% per annum, the Subscriber, as a Limited Partner, may consider discussing with the General Partner to seek to realise its Fund interest in the market or for other possible options to realise its investment. This constitutes the primary governance, oversight mechanism and recourses available to the Company as a Limited Partner.

In addition, where a continued holding of the Fund interest is no longer aligned with the Company’s investment objectives or risk tolerance, the Company may seek to realise liquidity in the secondary market, which may include selling its Fund interest to institutional investors or funds specialising in secondary transactions, subject to the terms of the Fund documentation. The timing, feasibility and pricing of any such secondary sale or other exit will depend on prevailing market conditions, investor demand and applicable transfer restrictions.

Based on the above, the Company is of the view that sufficient internal control measures are in place to monitor the performance of the Fund and its investments and to safeguard the interests of the Company and the Shareholders as a whole. The Fund will not be consolidated into the accounts of the Company.

THE OBJECTIVE OF THE FUND

As set out in the Announcement, the investment strategy of the Fund is to endeavour to achieve periodic distribution and/or capital appreciation by primarily making investments directly or indirectly (including through investments funds) in private equity opportunities, private debt opportunities, convertible bonds and securities that are listed and traded on exchanges.

The expected portfolio will comprise mid-market private equity investments and/or private debt investment opportunities to deliver periodic distributions and long-term capital appreciation. Such portfolio will target the Asia Pacific Region with a general focus on industries such as healthcare, new energy, business/essential services, advanced industrial and consumer sectors but exclude sectors such as property development and natural resources.

Underlying investments would target:

- (i) Private credit opportunities such as direct lending, mezzanine debt, or distressed credit, targeting high-quality mid-market businesses with proven cash flows or assets. The target companies which the Fund intends to invest into are expected to operate in relatively fragmented or less competitive industry segments, where consolidation or operational improvements may unlock value, such as business services; industrial or specialty manufacturing; consumer products with repeat demand characteristics; or healthcare-related or technology-enabled services catering to niche markets.

These provide stable yields, downside protection through collateral or covenants, and opportunities in underserved markets like energy transition financing or corporate carve-outs. Private credit is positioned to capture value from rising demand for non-bank lending in Asia, offering scalable returns with lower correlation to equity markets. In considering such investments, the Fund will evaluate expected returns primarily by reference to projected internal rates of return (“**IRR**”) and multiple-of-invested-capital over the anticipated holding period.

- (ii) Control oriented mid-market buyouts with high-quality businesses with proven revenue models, supporting transformational growth through active partnership with families, founders, and management.
- (iii) Energy transition growth equity such as climate-tech and green energy companies/projects with scalable returns. No explicit proportions are specified for sector allocation.
- (iv) Private debt instruments that offer attractive risk-adjusted yields and downside protection. These may include term loans and revolving facilities; senior secured loans; unitranche or mezzanine debt; subordinated or structured debt; and debt instruments with equity-linked features (e.g., warrants or conversion rights), where appropriate.

In respect of creditworthiness, the General Partner and/or the Investment Advisor will take into account quantitative metrics including, among others leverage levels (e.g. net debt to earnings before interest, taxes, depreciation and amortisation); debt service and interest coverage ratios; historical and projected cash flow generation; asset coverage and collateral quality; and stress testing of downside scenarios. The Fund will assess contractual yield components, including interest margins, fees and other return enhancements. Such quantitative indicators will be assessed together with qualitative factors such as management capability, industry dynamics and borrower resilience.

The preferred target investee attributes emphasize strong market positions and/or high growth potential; compelling and innovative business models, products, and solutions; quality founders or management teams with aligned incentives; demonstrated proven revenue models and/or consistent earning power; and ability to earn good returns on equity while employing little or no debt.

When identifying investments, the General Partner and/or the Investment Advisor will evaluate potential investments based on a structured framework which takes into account the following factors:

- (i) prioritizing businesses with robust competitive economic moats or sustainable advantages;
- (ii) partnering with outstanding management teams that demonstrate financial commitment to the business; and
- (iii) demanding a healthy margin of safety through attractive entry valuations and lower risk profiles.

The Fund's investments, based on the above criteria, will be sourced primarily through the Investment Advisor's proprietary network and long-standing relationships across Asia, subject to disciplined due diligence and investment committee approval processes. Post-investment monitoring will be active and hands-on for equity positions, with performance reporting to the Limited Partner(s). The overall strategy is intentionally focused on mid-market opportunities which enables better risk-adjusted entry points and the ability to apply the Investment Advisor's operational expertise and value-creation playbook. This approach is intended to capture both growth upsides in attractive but less crowded segments and steady income with downside protection, thereby aligning with the Fund's core objective of delivering sustainable, risk-adjusted returns over the medium to long term.

The above investment approach is intended to align with the Fund's investment objectives by (a) capturing value creation opportunities in mid-market and less competitive landscapes through active ownership or structured financing; (b) balancing capital appreciation from private equity with income generation and downside protection from private debt; and (c) applying a disciplined, risk-adjusted assessment framework to creditworthiness and yield potential. Accordingly, the expected portfolio structure and investment assessment criteria are designed to support the Fund's objective of delivering sustainable, risk-adjusted returns over the investment horizon.

By way of indication only, and subject to market conditions and deal-specific risks, the Fund generally expects private equity investments to target mid-teens to mid-twenties IRR; and private debt investments to target high single-digit to low-teens annualised yields. However, the Board understands that actual returns will vary and are not guaranteed. No specific investment size, geographic allocation percentages or concentration limits are fixed as at the date of this announcement, as these will be determined on a deal-by-deal basis within the parameters of the Limited Partnership Agreement and the Fund's overall risk framework.

THE GENERAL PARTNER AND THE INVESTMENT ADVISOR

The General Partner is a special purpose vehicle established for the sole purpose of acting as the general partner of the Fund. The Investment Advisor and the General Partner are affiliated as they are under the common control of Templewater Holdings Limited, further details of which are set out below.

Based on the information available to the Company, the Investment Advisor is licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Investment Advisor is wholly owned by Templewater Holdings Limited, which, as at the date of the Subscription, was a joint venture between Mr. Zhang Kun (“**Mr. Zhang**”) and Investec Bank plc (“**Investec**”). Both Investec and Mr. Zhang are independent third parties to the Company. Investec has extensive experience in investment banking, risk management, asset management, foreign exchange hedging, co-investment, corporate advisory, capital markets and private equity investments. Investec is a United Kingdom specialist bank which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Investec is wholly owned by Investec PLC, which is a Financial Times Stock Exchange 250 Index company listed in London.

As at the date of this announcement, Templewater Holdings Limited, and thus, the Investment Advisor is controlled by Mr. Zhang. Mr. Zhang has extensive experience in corporate finance, investments and international capital markets. Mr. Zhang is currently the chairman of the board of directors and chief executive officer of Templewater Holdings Limited and its affiliates (the “**Templewater Group**”), of which he co-founded in March 2019. Prior to that, Mr. Zhang has worked as senior vice president in Chow Tai Fook Enterprises Limited focusing on private equity transactions, global mergers and acquisitions as well as the Corporate Finance Division of Deutsche Bank AG and The Hongkong and Shanghai Banking Corporation Limited. Mr. Zhang has been a member of the Beijing Municipal Committee of the 14th Chinese People’s Political Consultative Conference since January 2023, and has been a member of the Hong Kong Tourism Board since November 2025. Mr. Zhang holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Waterloo in Canada and a Master of Science degree from Harvard University in the United States of America. The Investment Advisor also has a professional investment team of over 25 members who have worked in different prestigious investment banks, major audit firms and multi-national conglomerates. More than half of the investment team has more than 10 years of private equity and/or industry experience.

In particular, based on the information available to the Company, the Investment Advisor has an established and demonstrable track record in private equity and private investments across transportation, mobility, energy transition, healthcare, technology, and real estate, with a particular focus on control or significant minority positions and active value creation. Since its foundation, the Templewater Group has built a global network of advisors with a variety of backgrounds, including entrepreneurs and current or former executives of major international corporations whom are engaged in the entire investment process from providing strategic advice on initial deal sourcing and assessment of potential investments to joining the boards of portfolio companies. Based on the information available to the Company, the Investment Advisor's experience includes without limitation to (i) the acquisition of Bravo Transport Services Limited, being the parent company of Citybus Limited and New World First Bus Services Limited; (ii) the take-private transaction of TalkMed Group Limited from the Singapore Exchange Limited; (iii) appointment by the Oman Investment Authority to manage Oman's first dedicated energy transition fund; and (iv) its appointment, in principle, by the Innovation and Technology Commission of the Hong Kong Special Administrative Region Government as one of the first batch of fund managers under the Innovation and Technology Venture Fund Enhanced Scheme.

The Investment Advisor's experiences and investments evidence its proven ability to source, execute, and manage complex transactions across multiple industries and jurisdictions, as well as its experience partnering with sovereign wealth funds, global private equity sponsors, and institutional investors. In particular, based on the Investment Advisor and its investment team members' track record, the Board is of the view that the Investment Advisor is a recognized player in Asia's private equity and decarbonization space, with growing government and sovereign wealth partnerships, which has given the Board confidence in making the decision to subscribe for the Fund. Additionally, the Board is of the view that the Group will benefit from the Investment Advisor's professional investment team bringing together their industry experiences from different financial institutions. As the Group's investment strategy has been to deploy its idle cash to diversify its income streams and business portfolio away from its core ready-mixed commercial concrete business in the People's Republic of China, the Board considers that the investment in the Fund will allow the Group to benefit from the professional and diversified fund management expertise of the Investment Advisor as set out above and garner attractive returns on the Group's investments through the Fund.

By reason of the above, with an emphasis on the credentials and prowess of the Investment Advisor and the General Partner and their renowned reputation within this field, the investment objective of the Fund and the Reporting Mechanism to safeguard the interests of the Company and the Shareholders in respect of the Subscription, the Subscription, including the selection of the Investment Advisor and the General Partner is a beneficial financial decision for the Group and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

DUE DILIGENCE CONDUCTED BY THE BOARD AND APPROVAL

An executive Director and the CFO identified the Fund and reviewed the information and the relevant documents of the Fund and the Investment Advisor. The executive Director and the CFO then reported their findings to the Board. Having taken into account the expertise of the Investment Advisor, the representatives of the Board and the Company have met with the relevant team members of the Investment Advisor and the Directors have conducted the following due diligence before subscribing to the Fund:

- (i) discussed and obtained information on the Investment Advisor's experience, credentials, qualifications and accolades in relation to Fund management and the experience, credentials, qualifications and accolades of each relevant member of the Investment Advisor's team;
- (ii) discussed and obtained information on the investment strategy, risk management, fee structure, objectives and other terms of the Fund;
- (iii) discussed and obtained information on the expected returns of the Fund and the historical performance of other funds managed by the Investment Advisor; and
- (iv) discussed and obtained information on the structure of the Fund and reviewed the relevant documents of the Fund.

The information obtained by the Directors about the Investment Advisor and its team during the course of their due diligence, as set out above, has also supported the Directors' acknowledgement of the Investment Advisor as a recognized player in Asia's private equity and decarbonization space, with growing government and sovereign wealth partnerships and thus provided the Directors with confidence in making the decision to subscribe to the Fund.

THE INVESTMENTS MADE BY THE FUND

The Fund was established on 10 February 2026. As at the date of this announcement, the Fund has deployed capital by making a loan (the **"Loan"**) to a private borrower (the **"Borrower"**), which forms part of the fund's strategy of providing structured financing to established businesses to generate stable yields.

Prior to making a private debt investment, the General Partner and the Investment Advisor would generally conduct a review of the prospective borrower's business profile and capacity. The Loan forms part of the Fund's private debt strategy of providing structured financing to operating businesses with established cash flow profiles, where the Fund seeks to achieve contractual returns with downside protection through negotiated terms and security arrangements. This is consistent with the Fund's investment approach of focusing on risk-adjusted returns through disciplined credit assessment, including evaluation of cash flow generation, leverage profile and borrower resilience. The Directors understand that the Loan originated and was approved in accordance with the Fund's investment strategy and internal review procedures. Based on the information available to the Company, the Directors consider that the Loan is consistent with the Fund's objective of generating sustainable risk-adjusted returns through private debt and other alternative investment opportunities.

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

By Order of the Board
Huasheng International Holding Limited
Kong Chi Keung
Executive Director

Hong Kong, 29 September 2026

As at the date of this announcement, the executive Directors are Mr. Wong Jeffrey, Mr. Kong Chi Keung and Mr. Anton Prysiazhniuk; the non-executive Director is Mr. Li Renjie; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia.