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**HAO BAI INTERNATIONAL (CAYMAN) LIMITED**  
**浩柏國際（開曼）有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8431)**

**PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**  
**Cheong Lee Securities Limited**

**PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 29 December 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best endeavour basis, up to 323,400,000 Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) (where applicable) shall be Independent Third Party(ies), at the Placing Price of HK\$0.024 per Placing Share.

The maximum number of Placing Shares of 323,400,000 Shares represents (i) approximately 19.84% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.56% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$3,234,000.

The Placing Price of HK\$0.024 per Placing Share represents (i) a discount of approximately 11.11% to the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 17.24% to the average of the closing prices per Share of HK\$0.029 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Subject to the Completion, and assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be approximately HK\$7.76 million, and the maximum net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$7.39 million, representing a net issue price of approximately HK\$0.023 per Placing Share.

The maximum net proceeds from the Placing are intended to be used as to (i) approximately HK\$1.40 million for the repayment of bank loan; (ii) approximately HK\$5.59 million for the repayment of overdue trade payables; and (iii) the remaining net proceeds from the Placing of approximately HK\$0.40 million for replenishing the working capital of the Group to support its business operations.

#### **GENERAL**

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM held on 30 September 2022. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

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

**Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

The Board is pleased to announce that on 29 December 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best endeavour basis, up to 323,400,000 Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) (where applicable) shall be Independent Third Party(ies), at the Placing Price of HK\$0.024 per Placing Share.

## **THE PLACING AGREEMENT**

The principal terms and conditions of the Placing Agreement are as follows:

### **Date**

29 December 2022 (after trading hours of the Stock Exchange)

### **Parties**

Issuer:                   The Company

Placing Agent:       Cheong Lee Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Placing commission**

Subject to the Completion, the Placing Agent will charge the Company a placing commission of 2.5% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the prevailing market rate. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

### **Placees**

The Placing Shares will be placed on a best endeavour basis to not less than six Placees, who and whose ultimate beneficial owner(s) (where applicable) will be Independent Third Party(ies). It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after Completion.

### **Placing Shares**

The Company has conditionally agreed to place, through the Placing Agent on a best endeavour basis, up to 323,400,000 Placing Shares, representing (i) approximately 19.84% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.56% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$3,234,000.

## **Placing Price**

The Placing Price of HK\$0.024 represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 17.24% to the average of the closing prices per Share of HK\$0.029 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

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

## **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

## **Condition precedent of the Placing Agreement**

The Placing is conditional upon the GEM Listing Committee granting a listing of, and permission to deal in, all the Placing Shares to be placed pursuant to the terms and conditions of the Placing Agreement and such listing and permission not being subsequently being revoked.

If the above condition is not fulfilled on or before 13 January 2023 or such later date as may be agreed between the Company and the Placing Agent in writing, all rights, obligations and liabilities of the Placing Agent and the Company under the Placing Agreement shall cease and determine and none of the parties to the Placing Agreement shall have any claim against the other in relation to the Placing Agreement save for any antecedent breach.

## **Completion of the Placing**

Completion shall take place within seven (7) Business Days after the date on which the condition set out above is satisfied or such other date as the Company and the Placing Agent may agree in writing.

## **Termination of the Placing Agreement**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (4) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (5) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (6) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or make it inadvisable or inexpedient for the Placing to proceed; or
- (7) any statement contained in all announcements, circulars, quarterly, interim and annual reports issued by the Company to the Stock Exchange and/or Shareholders since the publication of the annual report of the Company for the year ended 31 March 2022 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon the termination pursuant to the Placing Agreement, all obligations and liabilities of the parties under the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

### **General Mandate to allot and issue the Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM.

Under the General Mandate, the Company is authorised to allot and issue up to 323,400,000 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

### **Application for listing**

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

### **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in design, procurement and installation services of the water circulation systems including but not limited to swimming pools, water fountains and water curtains.

As disclosed in the 2022 Interim Report, notwithstanding the fact that the business performance of the Group has been indicating a sign of improvement as a result of the hard effort contributed by the management of the Company to expand its business operations into the Mainland China while continuing to participate in the tendering process with various construction or property development companies in Hong Kong, the financial position of the Group was still very tight.

As at 30 September 2022, the Group had bank balances and cash of approximately HK\$0.23 million, overdue accounts payables of approximately HK\$6.84 million, and bank loans due within one year of approximately HK\$1.44 million. The management of the Group has been in negotiations with the relevant banks in respect of the repayment of the bank loans, however, no definitive agreement has been concluded as at the date of this announcement. Whilst the Group will continue with its negotiations with the relevant creditors of the Group in respect of the debts which are overdue and/or will become due, in light of the imminent need of the Group to meet its financial obligations, the Directors consider that it is necessary to conduct the Placing to raise additional capital and improve the cash flow position of the Group.

Subject to the Completion, and assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be approximately HK\$7.76 million, and the maximum net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$7.39 million, representing a net issue price of approximately HK\$0.023 per Placing Share.

The maximum net proceeds from the Placing are intended to be used as to (i) approximately HK\$1.40 million for the repayment of bank loan; (ii) approximately HK\$5.59 million for the repayment of overdue trade payables; and (iii) the remaining net proceeds from the Placing of approximately HK\$0.40 million for replenishing the working capital of the Group to support its business operations.

The Directors have considered other financing alternatives such as debt financing, rights issue and open offer. The Company has attempted to obtain loan financing from several banks but it was unlikely for the Company to obtain loan financing from banks with favourable terms given the continuous loss-making position of the Company. In addition, obtaining financing from banks may be subject to lengthy due diligence and negotiations with the banks and may be relatively time-consuming. Further, rights issue and open offer are also time-consuming involving relatively substantial time and cost to complete compared to equity financing through the issue of new Shares under the General Mandate.

In view of the above, the Directors believe that the Placing represents an opportunity to promptly strengthen the financial position of the Group and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, enable the Group to meet the financial obligations of the Group within a relatively short time frame and at lower costs compared to other means of fundraising, and provide working capital to the Group to support its business operations.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable, and the entering into of the Placing Agreement is in the interests of the Company and the Shareholders as a whole.



In the view that the Shares had been traded below HK\$0.10 in the past 3 months (based on the closing price per Share as quoted on the Stock Exchange), the Company is currently conducting a share consolidation (details of which were disclosed in the announcements of the Company dated 12 December 2022 and 22 December 2022) in order to comply with the requirement as set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020.

## **FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS**

References are made to the announcements of the Company dated 6 December 2022, 14 December 2022 and 28 December 2022 (the “**Announcements**”), in relation to the Previous Placing (as defined below). On 6 December 2022, the Company entered into the conditional placing agreement (the “**Previous Placing Agreement**”) with Yuet Sheung International Securities Limited (the “**Previous Placing Agent**”), pursuant to which the Company conditionally agreed to place, through the Previous Placing Agent on best endeavour basis, up to 323,400,000 new Shares under the General Mandate (the “**Previous Placing**”). As disclosed in the announcement of the Company dated 28 December 2022, the Company and the Previous Placing Agent mutually agreed to terminate the Previous Placing Agreement by a deed of termination. For further details, please refer to the Announcements.

Save for the Previous Placing, the Company had not conducted any equity fund-raising activity in the past 12 months immediately preceding the date of this announcement.



## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon Completion (assuming that all the Placing Shares are subscribed in full and there is no other change in the issued share capital of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

Shareholders	As at the date of this announcement		Immediately upon Completion (assuming that all the Placing Shares are subscribed in full and there is no other change in the issued share capital of the Company before the allotment and issue of the Placing Shares under the Placing)	
	Number of Shares	Approximate % (Note 2)	Number of Shares	Approximate % (Note 2)
<b>Substantial Shareholders</b>				
Harmony Asia International Limited (Note 1)	632,390,000	38.80	632,390,000	32.37
Chen Mingxia	243,750,000	14.95	243,750,000	12.48
Sung Chenglei	260,000,000	15.95	260,000,000	13.31
<b>Directors</b>				
Wong Wing Hung	6,500,000	0.40	6,500,000	0.33
Ng Wan Lok	6,500,000	0.40	6,500,000	0.33
<b>Public Shareholders</b>				
The Placees	–	–	323,400,000	16.56
Other public Shareholders	480,860,000	29.50	480,860,000	24.62
<b>Total</b>	<b>1,630,000,000</b>	<b>100.00</b>	<b>1,953,400,000</b>	<b>100.00</b>

Notes:

- Harmony Asia International Limited is a company incorporated in Samoa which is wholly-owned by Mr. Nam Ho Kwan, a former executive Director, the chairman of the Board, and chief executive officer of the Company who resigned from such positions with effect from 5 October 2022. As such, Mr. Nam Ho Kwan is deemed, or taken to be interested in the 632,390,000 Shares held by Harmony Asia International Limited by virtue of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).
- The percentages are subject to rounding difference, if any.

**Completion of the Placing is subject to the satisfaction of the condition precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“2022 Interim Report”	the interim report of the Company for the six months ended 30 September 2022 published on 14 November 2022
“AGM”	the annual general meeting of the Company held on 30 September 2022
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm” warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for general banking business in Hong Kong
“Company”	Hao Bai International (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8431)
“Completion”	the completion of the Placing pursuant to the Placing Agreement, which shall take place on the Completion Date
“Completion Date”	the date falling within seven (7) Business Days after the date on which the condition precedent set out in the Placing Agreement is satisfied or such other date as the Company and the Placing Agent may agree in writing
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules

“GEM Listing Rules”	the rules governing the listing of securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and otherwise deal in not more than 323,400,000 new Shares by the Shareholders at 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)”	independent third parties who are not connected person(s) of the Company (as defined under the GEM Listing Rules) and are not acting in concert (as defined under the Codes on Takeovers and Mergers and Share Buy-back) and are independent of and not connected with the Company or the Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates (as defined under the GEM Listing Rules)
“Placee(s)”	any individuals, professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe any of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing”	the offer by way of private placing, on a best effort basis, of a total of up to 323,400,000 Placing Shares to be allotted and issued under the General Mandate pursuant to the terms of the Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 29 December 2022 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.024 per Placing Share

“Placing Share(s)”	up to 323,400,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Hao Bai International (Cayman) Limited**  
**Shu Zhongwen**  
*Chief Executive Officer and Executive Director*

Hong Kong, 29 December 2022

*As at the date of this announcement, the executive Directors are Mr. Wang Lun, Mr. Shu Zhongwen, Ms. Wong Wing Hung, Mr. Ng Wan Lok, Mr. Wang Xinliang and Mr. Lin Hann Ruey; the non-executive Director is Ms. Chen Xiaodan; and the independent non-executive Directors are Mr. Ma Meng, Mr. Li Ruyi, Ms. Yuen Wai Man and Mr. Cheung Hiu Fung.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting. This announcement will also be published and remained on the Company’s website at <https://www.irasia.com/listco/hk/haobai/>.*