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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)

UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

BACKGROUND

Reference is made to the annual report for the year ended 31 March 2018, interim report for the period ended 30 September 2018, annual report for the year ended 31 March 2019 (the “**2018/2019 Annual Report**”) and first quarterly report for the period ended 30 June 2019 (the “**2019 Q1 Report**”) of Hao Bai International (Cayman) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) which were published on 28 June 2018, 13 November 2018, 27 June 2019 and 13 August 2019 respectively. The aforesaid annual reports, interim report and 2019 Q1 Report disclosed the time frame for the utilization of the net proceeds (the “**Net Proceeds**”) raised from the listing (the “**Listing**”) of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited, and the intended use of the Net Proceeds, in the section headed “Future Plans and Use of Proceeds” of the Company’s prospectus dated 16 May 2017 (the “**Prospectus**”) relating to the Listing.

In particular, it was disclosed in the 2018/2019 Annual Report and 2019 Q1 Report that due to increasing challenging external business environment and the actual development of the Group, the Group did not fully utilize the Net Proceeds as per the planned time frame disclosed in the Prospectus. Having considered the latest economic development, the Company wishes to update its shareholders and potential investors in this announcement as to the expected timeline on the intended deployment of the Net Proceeds. Up to the date of this announcement, there has been no change to the planned use of the Net Proceeds. As disclosed in the 2018/2019 Annual Report and 2019 Q1 Report, the Company will keep close track of the economic environment and evaluate its business strategies from time to time, so as to adapt to the challenging market for the sustainable development of the Group.

UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

The Net Proceeds from the Listing, after deducting the underwriting fees and other Listing related expenses, amounted to approximately HK\$38.00 million. As at the date of this announcement, the Company had utilized approximately HK\$15.32 million of the Net Proceeds, representing approximately 40.3% of the Net Proceeds. The unutilized Net Proceeds amounted to approximately HK\$22.68 million, representing approximately 59.7% of the Net Proceeds. Based on the latest external economic environment, business development and project tender status of the Group up to today, set out below are the expected timeline on the utilization of the Net Proceeds:

Business plan as stated in the Prospectus	Unutilized balance up to the date of this announcement	Expected amounts to be utilized for the year ending 31 March 2020	Expected amounts to be utilized for the year ending 31 March 2021	
	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	
(i) Strengthening of industry position and expansion of business of the Group	18.60	3.30	15.30	Up to the date of this announcement, the Group has submitted tenders for total of 26 projects. If all the tenders are successfully awarded to the Group, total sum of approximately HK\$12.60 million are required to satisfy the performance bond requirement for the projects up to the year ended 31 March 2021. The remaining of approximately HK\$6.00 million is intended to be used to satisfy the performance bond requirement for other potential projects that the Group intends to bid in the remainder of 2019.
(ii) Repayment of bank borrowings and finance lease	-	-	-	-
(iii) Strengthening our technical and project management capabilities	-	-	-	-

Business plan as stated in the Prospectus	Unutilized balance up to the date of this announcement	Expected amounts to be utilized for the year ending 31 March 2020	Expected amounts to be utilized for the year ending 31 March 2021	
	<i>HK\$ million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>	
(iv) Establishing a Macau office/warehouse	2.50	0.90	1.60	As mentioned in item (i) above, up to the date of this announcement, the Group has submitted tenders for total of 26 projects. Among the 26 tenders submitted, 10 tenders are related to projects located in Macau. The Group currently plans to establish a Macau office and warehouse and purchase ancillary fixed assets and BMI software by 31 March 2021 if majority of the tenders for Macau projects are awarded to the Group. It is currently expected that the results of such tenders will be released by around 31 March 2020
(v) Purchase of tools and equipment	1.58	0.40	1.18	It is currently expected that the Net Proceeds will be applied on or before 31 March 2021.
(vi) General working capital	–	–	–	–
Total	22.68	4.60	18.08	

The Company will continue to observe the challenges that the Group may face under the developing market condition. It will endeavor to solidify the business by undertaking suitable projects amid the uncertain economy. The Directors will from time to time assess the business objectives and the use of the Net Proceeds for the Group's benefit to cope with the changing market conditions. If there is any material progress on the utilization under the time frame set out above, or in case any adjustment on the use of the Net Proceeds is needed, the Company will make further announcement as and when appropriate.

By order of the Board of
Hao Bai International (Cayman) Limited
Nam Ho Kwan
Chairman and Chief Executive Officer

Hong Kong, 19 August 2019

As at the date of this announcement, the executive Directors are Mr. Nam Ho Kwan, Mr. Ng Wan Lok, Ms. Wong Wing Hung and Ms. Wang Rui and the independent non-executive Directors are Mr. Wu Kam On Keith, Mr. Lau Wai Hung and Mr. Chen Lei.

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 GEM website at www.hkgem.com 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 www.harmonyasia.com.