

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and express disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

### **SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE TARGET COMPANY AND ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 31 March 2022 (after trading hours), the Company and the Vendor entered into the Supplemental Agreement, pursuant to which the Company and the Vendor conditionally agreed the Consideration shall be satisfied by the Company initially by (i) HK\$992,000 in cash as deposit to the Vendor within 14 days upon signing of the Sale and Purchase Agreement; and (ii) HK\$8.008 million by way of allotting and issuing to the Vendor or its nominee(s) the Consideration Shares under the General Mandate at the Issue Price of HK\$0.0308 per Consideration Share within 21 days upon the Completion.

The Consideration Shares represent (i) approximately 20.00% of the total issued Shares of the Company as at the date of the Supplemental Agreement; and (ii) approximately 16.67% of the total issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares, assuming that no further Shares have been issued or repurchased from the date of this announcement to the completion of issue of the Consideration Shares.

As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the issue of Consideration Shares will not be subject to the approval of the Shareholders.

**As the Completion and the completion of issue of the Consideration Shares are subject to the fulfilment (or waiver, as appropriate) of the conditions precedent under the Sale and Purchase Agreement and the Supplemental Agreement, respectively, the Acquisition and the issue of the Consideration Shares may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **BACKGROUND**

Reference is made to the announcement of Hao Bai International (Cayman) Limited (the “**Company**”) dated 22 March 2022 (the “**Announcement**”) in relation to a discloseable transaction.

On 22 March 2022, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to purchase and the Vendor agreed to sell the Sale Share at a consideration of HK\$9.0 million. The Consideration shall be satisfied by the Company initially by (i) HK\$2.0 million in cash as deposit to the Vendor within 14 days upon signing of the Sale and Purchase Agreement; and (ii) HK\$7.0 million by way of issuing the Promissory Note by the Company to the Vendor or its nominee(s) within 21 days upon the Completion. As at the date of this announcement, the conditions precedent set forth in the Sale and Purchase Agreement have not been fulfilled or waived and the Acquisition has not been completed. None of the Consideration has been paid or satisfied by the Company.

The Board is pleased to announce that on 31 March 2022 (after trading hours), the Company and the Vendor entered into the Supplemental Agreement, pursuant to which the Company and the Vendor conditionally agreed the Consideration shall be satisfied by the Company by (i) HK\$992,000 in cash as deposit to the Vendor within 14 days upon signing of the Sale and Purchase Agreement; and (ii) HK\$8.008 million by way of allotting and issuing to the Vendor or its nominee(s) the Consideration Shares under the General Mandate at the Issue Price of HK\$0.0308 per Consideration Share within 21 days upon the Completion.

## **THE SUPPLEMENTAL AGREEMENT**

The principal terms of the Supplemental Agreement are set out below:

### **Date**

31 March 2022

### **Parties**

- (1) the Company, and
- (2) the Vendor.

To the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, the Vendor and its associates are Independent Third Parties.

## **Subject matter**

Pursuant to the Supplemental Agreement, the Company and the Vendor conditionally agreed that the Consideration shall be satisfied by the Company in the following manner:

- (i) HK\$992,000 in cash as deposit to the Vendor within 14 days upon signing of the Sale and Purchase Agreement; and
- (ii) HK\$8.008 million by way of allotting and issuing to the Vendor or its nominee(s) the Consideration Shares under the General Mandate at the Issue Price of HK\$0.0308 per Consideration Share within 21 days upon the Completion.

## **The Consideration Shares**

The Consideration Shares represent:

- (i) approximately 20.00% of the total issued Shares of the Company as at the date of the Supplemental Agreement; and
- (ii) approximately 16.67% of the total issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares, assuming that no further Shares have been issued or repurchased from the date of this announcement to the completion of issue of the Consideration Shares.

The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Consideration Shares.

## **Issue Price**

The Issue Price of HK\$0.0308 per Consideration Share represents:

- (i) a premium of approximately 2.67% over the closing price of HK\$0.0300 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 10.00% over the average closing price of HK\$0.0280 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;
- (iii) a premium of approximately 10.00% over the closing price of HK\$0.0280 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement; and
- (iv) a premium of approximately 14.07% over the average closing price of HK\$0.0270 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Supplemental Agreement.

The Issue Price was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the prevailing market price of the Shares as well as current market condition. The Directors consider the Issue Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **Conditions Precedent**

Completion of issue of the Consideration Shares is subject to the fulfilment of the following conditions:

- (i) all conditions precedent set forth in the Sale and Purchase Agreement being fulfilled or waived;
- (ii) the GEM Listing Committee granting the approval for the listing of, and permission to deal in, the Consideration Shares;
- (iii) the allotment, issue and subscription of the Consideration Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Supplemental Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the Securities and Futures Commission) which is applicable to the Company; and
- (iv) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Supplemental Agreement and the transaction contemplated thereby having been obtained.

None of the conditions is capable of being waived. If any of the conditions precedent save for (i) above are not fulfilled on or before 31 May 2022 (or such other date and time as the parties shall agree in writing), the parties agree that the Consideration shall be satisfied in the same manner by the Company as originally stated in the Sale and Purchase Agreement as follows:

- (i) HK\$2.0 million in cash as deposit to the Vendor within 14 days upon signing of the Sale and Purchase Agreement; and
- (ii) HK\$7.0 million by way of issuing the Promissory Note by the Company to the Vendor or its nominee(s) within 21 days upon the Completion.

In addition, the parties agree to extend the maturity date of the Promissory Note from the 2nd anniversary date of the date of issue of the Promissory Note to the 3rd anniversary date of the issue. Save for the extension of the maturity date of the Promissory Note, all other principal terms of the Promissory Note which were disclosed in the Announcement remain unchanged.

If condition (i) is not fulfilled on or before 31 May 2022 (or such other date and time as the parties shall agree in writing), the Sale and Purchase Agreement and the Supplemental Agreement shall terminate and neither party shall have any claims against the other for costs, damages, compensation or otherwise under the Sale and Purchase Agreement.

### **LOCK-UP RESTRICTION**

The Vendor has unconditionally and irrevocably undertaken to the Company under the Supplemental Agreement that, without the prior written consent of the Company, it or its nominee(s) shall not during the three-year period from the date of issue of the Consideration Shares sell or transfer the Consideration Shares to any other third party or create any charge, mortgage, lien, pledge, option, other security interest or other encumbrance or create or grant any interest or rights in favour of any other party over in relation to the Consideration Shares. Should the Vendor or its nominee(s) sell or transfer the Consideration Shares upon obtaining prior writing consent from the Company, the Vendor undertakes to the Company that the proceeds generated from the sale or transfer of the Consideration Shares by the Vendor or its nominee(s) shall be deposited into the Company as a deposit to secure its obligation under the Profit Guarantee until such obligation is fulfilled or completed.

### **ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

At the annual general meeting of the Company held on 3 September 2021, a resolution was passed by the Shareholders to grant to the Directors the General Mandate to, among other things, allot, issue and deal with new Shares not exceeding 20% of the total number of Shares of the Company in issue as at the date of passing such resolution. Accordingly, the Company is authorised to issue a maximum of 260,000,000 Shares under the General Mandate.

The Consideration Shares will be allotted and issued under the General Mandate. As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the issue of Consideration Shares will not be subject to the approval of the Shareholders.

### **APPLICATION OF LISTING**

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

### **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,300,000,000 Shares in issue. Set out below table is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Consideration Shares, assuming that no further Shares have been issued or repurchased from the date of this announcement to the completion of issue of the Consideration Shares.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Substantial Shareholders</b>				
Harmony Asia International Limited <sup>(Note)</sup>	652,290,000	50.18	652,290,000	41.81
Chen Mingxia	243,750,000	18.75	243,750,000	15.63
<b>Public Shareholders</b>				
The Vendor	–	–	260,000,000	16.67
Other Public Shareholders	403,960,000	31.07	403,960,000	25.89
	<u>1,300,000,000</u>	<u>100.00</u>	<u>1,560,000,000</u>	<u>100.00</u>

*Note:* Harmony Asia International Limited is a company incorporated in Samoa which is wholly-owned by Mr. Nam Ho Kwan, the chairman, Chief Executive Officer and executive Director of the Company.

## REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Directors consider that the issue of the Consideration Shares will allow the Company to settle the Consideration without (i) utilising existing financial resources of the Group; (ii) increasing the interest burden of the Group; and (iii) affecting the financial position of the Group. Therefore, the issue of the Consideration Share will reduce the Group's gearing level and sustain its capability for the use of general working capital of the Group and hence provide a higher liquidity to the Group's operation and strengthen the financial position of the Group. In addition, the issue of the Consideration Shares represents good opportunities for the Group to broaden its capital base and remain existing financial resources so as to meet any possible and suitable business development opportunities in future.

In view of the above, the Directors consider that the terms of the Supplemental Agreement are fair and reasonable and the entering into the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

## GENERAL

As the Completion and the completion of issue of the Consideration Shares are subject to the fulfilment (or waiver, as appropriate) of the conditions precedent under the Sale and Purchase Agreement and the Supplemental Agreement, respectively, the Acquisition and the issue of the Consideration Shares may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

“Acquisition”	the acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“associates”	has the same meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Completion”	the completion of the sale and purchase of the Sale Share in accordance with the Sale and Purchase Agreement
“Consideration”	the total consideration of the Acquisition, being HK\$9.0 million
“Consideration Shares”	260,000,000 new Shares to be allotted and issued by the Company to the Vendor or its nominee(s) for the purpose of settlement of the Consideration, at the Issue Price
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company on 3 September 2021 to allot and issue up to 260,000,000 Shares, representing 20% of the total number of issued Shares on the date of passing such resolution
“Group”	the Company and its subsidiaries

“Guaranteed Period”	the period from 1 January 2022 to 31 December 2024
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Issue Price”	the issue price of approximately HK\$0.0308 for each Consideration Share
“Jiayou (Beijing)”	Jiayou (Beijing) Commercial and Trading Limited* (嘉油(北京)商貿有限公司), a company incorporated in the PRC with limited liability and a major operating subsidiary of the Target Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Profit Guarantee”	the unconditional and irrevocable warranty and guarantee by the Vendor to the Company that the aggregate audited net profit after tax of Jiayou (Beijing) during the Guaranteed Period shall not be less than RMB27,000,000, pursuant to the Sale and Purchase Agreement
“Promissory Note”	the promissory note in the aggregate principal amount of HK\$7,000,000 to be issued by the Company to the Vendor or its nominee(s), principal terms of which are disclosed in the Announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Share dated 22 March 2022 entered into between the Company and the Vendor and the Target Company, details of which are disclosed in the Announcement
“Sale Share”	the entire issued share in the Target Company



“Shareholder(s)”	shareholder(s) of the Company
“Shares”	the ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 31 March 2022 entered into between the Company and the Vendor in relation to the sale and purchase of the Sale Share
“Target Company”	City Key Group Limited, a company incorporated under the laws of the BVI with limited liability
“Vendor”	Mr. Song Chenglei, an ordinarily resident in the PRC who has over 10 years of experiences in architectural design, procurement, construction, project management in construction industry in the PRC, is an Independent Third Party
“%”	per cent.

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

Hong Kong, 31 March 2022

*As at the date of this announcement, the executive Directors are Mr. Nam Ho Kwan, Mr. Ng Wan Lok, Ms. Wong Wing Hung, Ms. Wang Rui, Mr. Wang Xinliang and Mr. Wong Terence Kwong Lung; and the independent non-executive Directors are Mr. Ng Kam Tsun, Mr. Ma Meng and Mr. Li Ruyi.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 GEM website at [www.hkgem.com](http://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](http://www.harmonyasia.com).*

\* For identification purposes only