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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)

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

The Board proposes to refresh the Existing General Mandate for the Directors to allot and issue new Shares up to 20% of the total number of the issued share capital of the Company as at the date of passing of the relevant resolutions at the EGM. Pursuant to Rule 17.42A of the GEM Listing Rules, the approval of the Refreshment of General Mandate will be subject to Independent Shareholder's approval at a general meeting of the Company.

EGM

An EGM will be held to consider and, if thought fit, pass ordinary resolutions to approve the proposed Refreshment of General Mandate.

The Independent Board Committee, comprising of all the independent non-executive Directors, namely, Mr. Ng Kam Tsun, Mr. Ma Meng and Mr. Li Ruyi, will be established to advise the Independent Shareholders on the proposed Refreshment of General Mandate.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of General Mandate.

A circular containing, among other things, (i) further information regarding the proposed Refreshment of General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the proposed Refreshment of General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed Refreshment of General Mandate; and (iv) a notice of EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

The Board proposes to refresh the Existing General Mandate for the Directors to allot and issue new Shares up to 20% of the total number of the issued share capital of the Company as at the date of passing of the relevant resolutions at the EGM. Save for the proposed Refreshment of General Mandate herein, the Company has not refreshed the Existing General Mandate.

EXISTING GENERAL MANDATE

At the 2020 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorized the Directors to allot and issue not more than 260,000,000 additional Shares, being 20% of the total number of issued Shares as at the date of the 2021 AGM.

References are made to the announcements of the Company dated 11 April 2022, 4 April 2022, 31 March 2022 and 22 March 2022 in relation to the acquisition of the entire issued share capital of City Key Group Limited involving the issue of 260,000,000 consideration shares under the Existing General Mandate. Upon the issuance of such consideration shares on 2 April 2022, the Existing General Mandate has been utilised in full.

PROPOSED GRANT OF NEW GENERAL MANDATE

As of the date of this announcement, the Company had an aggregate of 1,560,000,000 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the Refreshment of General Mandate at the EGM by the Independent Shareholders and assuming that no further Shares are issued and/or repurchased by the Company from the date of this announcement to the date of the EGM, the Company would be allowed under the Refreshment of General Mandate to allot and issue 312,000,000 Shares, being 20% of the total number of issued Shares as at the date of this announcement.

The New General Mandate will, if granted, be valid until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable laws or the articles of association of the Company; or
- (iii) the revocation or variation of the authority given to the Directors by passing an ordinary resolution by the Shareholders at a general meeting.

REASONS FOR THE REFRESHMENT OF GENERAL MANDATE

As of the date of this announcement, the Company has issued 260,000,000 Shares as consideration shares under the Existing General Mandate, the details of which are set out in the Company's announcements dated 11 April 2022, 4 April 2022, 31 March 2022 and 22 March 2022. The Company has utilized in full the Existing General Mandate.

The Group is a Hong Kong-based contractor specialised in design, procurement and installation services of water circulation systems, including swimming pools, water fountains and water curtains, etc. We provide services mainly to developers, main contractors and subcontractors in various private residential projects and hotel, casino, shopping and recreation complex projects in Hong Kong and Macau. Our services are mainly categorised as (i) management contracting services – design, procurement and installation of water circulation systems, (ii) consultancy services – provision of consultancy services on water circulation systems and (iii) maintenance services – provision of maintenance and repair services for water circulation systems.

Since the outbreak of the COVID-19 pandemic, the operating environment of the Group's business has been severely impacted. While there is an improving trend of the COVID-19 pandemic outbreak and sign of improvement in the Company's business sector, the Company foresees that it will take time for the Company to resume its operation to a substantial level. Moreover, to maintain the basic operation of the Group and to explore new business opportunities in order to improve the performance of the Group, the Company requires injection of capital to repay its borrowing and for the preparation of potential new projects.

Taking into consideration that the Company's next annual general meeting is expected to be held in September 2022, the Board is proposing to seek the approval of Independent Shareholders at the EGM to approve of the Refreshment of General Mandate in order to offer the Company with greater financing flexibility in order to cope with the funding needs of the Company. The Refreshment of General Mandate will also enable the Company to respond quickly to market conditions and investment opportunities should such arise before the next following annual general meeting, providing a more efficient process of fund raising and avoiding the uncertainties of not obtaining a specific mandate in a timely fashion.

In order to provide additional flexibility to allow the Company to conduct appropriate fundraising endeavours, the Board believes that the Refreshment of General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirement of the Group.

The Directors have considered other financing alternatives apart from equity fundraising such as debt financing, bank loans, rights issue, open offer or other fundraising structure to meet the financial requirements of the Group, if appropriate, taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. However, the Company is of the view that, in the circumstance and considering the financial condition of the Group as a whole, the Group may not be able to obtain favourable terms under debt financings or bank loans. Furthermore, debt financings or bank loans would also increase finance cost of the Company and would cause the Group to be subject to increased financial pressure in the long run. On the other hand, more time and cost are generally required for other equity fundraising means such as rights issue or open offer as compared to placing or issuance of new Shares under general mandate.

In light of the above, the Board considers the grant of the New General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

As at the date of this announcement and save as disclosed in this announcement, the Company has not yet formulated any concrete plan or agreement with any party to issue Shares by utilizing the New General Mandate.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 17.42A of the GEM Listing Rules, the approval of the proposed Refreshment of General Mandate will be subject to Independent Shareholder's approval at a general meeting of the Company. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the resolution to approve the proposed Refreshment of General Mandate.

As at the date of this announcement, to the best knowledge information and belief of the Directors, having made all reasonable enquiries, Harmony Asia International Limited (a company beneficially and wholly owned by Mr. Nam Ho Kwan (the chairman, an executive Director and the chief executive officer of the Company)) holds 652,290,000 Shares, representing 41.81% of the issued Shares. Therefore, Harmony Asia International Limited and its associates are required to abstain from voting in favour of the resolution(s) to approve the proposed Refreshment of General Mandate.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, save as disclosed and as at the date of this announcement, no Shareholder is required to abstain from voting on the proposed resolution(s) on the proposed Refreshment of General Mandate at the EGM.

EGM

An EGM will be held to consider and, if thought fit, pass ordinary resolutions to approve the proposed Refreshment of General Mandate.

The Independent Board Committee, comprising of all the independent non-executive Directors, namely, Mr. Ng Kam Tsun, Mr. Ma Meng and Mr. Li Ruyi, will be established to advise the Independent Shareholders on the proposed Refreshment of General Mandate.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of General Mandate.

A circular containing, among other things, (i) further information regarding the proposed Refreshment of General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the proposed Refreshment of General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed Refreshment of General Mandate; and (iv) a notice of EGM will be despatched to the Shareholders as soon as practicable.

DEFINITION

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“2021 AGM”	the annual general meeting of the Company held on 3 September 2021
“Board”	the board of Directors
“Company”	Hao Bai International (Cayman) Limited, a company incorporated in Cayman Islands with limited liability whose issued shares are listed on GEM
“Directors”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the proposed Refreshment of General Mandate

“Existing General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2021 AGM 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
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders on the proposed Refreshment of General Mandate
“Independent Financial Adviser”	Veda Capital Limited, a corporation licensed by the Securities and Futures Commission to Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 572, laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed Refreshment of General Mandate
“Independent Shareholder(s)”	Shareholders other than Harmony Asia International Limited and any controlling shareholders of the Company and their associates
“New General Mandate”	the new general mandate proposed granted to the Directors pursuant to an ordinary resolution to be proposed at the EGM to allot and issue up to 20% of the total number of issued Shares on the date of passing such resolution
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Refreshment of General Mandate”	the proposed granting of the New General Mandate to the Directors at the EGM
“Share(s)”	the ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 27 April 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 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.