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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that, on 6 June 2022 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to purchase and the Vendor agreed to sell the Sale Share at a consideration of HK\$11,000,000.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial statements of the Company.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios for the Acquisition calculated in accordance to the GEM Listing Rules exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but is exempt from the circular and the Shareholders' approval requirements under the GEM Listing Rules.

As the Completion is subject to the fulfilment or waiver of the conditions precedent under the Sale and Purchase Agreement, the Acquisition 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.

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

6 June 2022

Parties

- (1) the Company, as the Purchaser; and
- (2) Mr. Tsoi Wai, as the Vendor.

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

Subject matter

Pursuant to the Sale and Purchase Agreement, the Company agreed to purchase, and the Vendor agreed to sell the Sale Share in accordance to the terms and conditions of the Sale and Purchase Agreement.

Consideration

The consideration for the Acquisition shall be HK\$11,000,000, which was determined after arm's length negotiations between the Company and the Vendor having taken into account the following factors, among others, (i) the current business of Powerful Leader Mining Sdn. Bhd. with details set out in the section headed "Reasons for and benefits of the Acquisition"; (ii) future prospects of the Target Company; and (iii) the asset value of Powerful Leader Mining Sdn. Bhd. as set out in the Sale and Purchase Agreement.

The Consideration shall be satisfied by the Company by (i) HK\$500,000 in cash as deposit to the Vendor within 14 days upon signing of the Sale and Purchase Agreement; and (ii) HK\$10,500,000 by way of issuing the Promissory Note by the Company to the Vendor within 21 days upon the Completion.

The Promissory Note

The principal terms of the Promissory Note are set out as follows:

Issuer:	The Company
Principal amount:	HK\$10,500,000
Holder of the Promissory Note:	The Vendor and its nominee(s)
Maturity:	The first anniversary date of the date of issue of the Promissory Note (the “ Maturity Date ”)
Interest:	12.5% per annum on the outstanding principal amount of the Promissory Note, payable semi-annually
Transferability:	The Promissory Note may, with five (5) Business Days prior notice in writing to the Company of the Vendor’s intention to transfer or assign the Promissory Note, be freely transferable or assign by the Vendor to any Independent Third Party.
Early redemption:	The Company may by giving of not less than (5) Business Days prior notice in writing to the holder of the Promissory Note to redeem the whole or any part of the Promissory Note and the accrued interests before the Maturity Date.
Status:	The Promissory Note will constitute direct, unsubordinated and unsecured contractual obligations of the Company which will at all times rank at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company.
Listing of the Promissory Note:	No application will be made for the listing of the Promissory Note on the Stock Exchange.

Conditions Precedent

Completion shall be subject to the following conditions precedent having been satisfied or fulfilled:

- (i) the Company being satisfied with the results of the due diligence review on the Target Company, including but not limited to assets, liabilities, operations and affairs of the Target Company;
- (ii) all the necessary approvals, consents and permits from the Malaysia government or other applicable authorities in respect of the Acquisition and transaction contemplated thereunder having been obtained and the necessary changes in the registration (including but not limited to the changes of directors, legal representatives, articles and association and relevant information) having been filed with the relevant authorities;
- (iii) the Warranties remaining true, accurate and not misleading in all respects at Completion and at all times between the date of Sale and Purchase Agreement and the Completion; and
- (vi) the Company being satisfied that, from the date of the Sale and Purchase Agreement to the Completion that there has not been any change which has a material and adverse effect on the business and financial position of the Target Company as a whole.

Completion

Completion shall take place on the Completion Date when the conditions precedent above are satisfied or waived.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the financial statements of the Company.

INFORMATION OF THE VENDOR

The Vendor, Mr. Tsoi Wai (“**Mr. Tsoi**”), generally resides in Hong Kong and has over 10 years of experience in the mining industry (including iron ore, tungsten ore, and gold ore) in China and Southeast Asian countries. He has long-term experience in mineral resource exploration, mining, ore beneficiation, mineral product trade and other industries; and has rich professional knowledge, and production, operation and management experience in this field.

Since 2009, Mr. Tsoi has been engaged in the exploration and development of iron ore, manganese ore, tungsten ore and gold ore, and the trade of mineral products in China and Southeast Asian countries. From 2009 to 2012, he mainly engaged in iron ore exploration and mining, and placer gold development in Pahang, Terengganu and Kelantan, Malaysia. From 2013 to 2022, he mainly engaged in iron ore, tungsten ore, and gold mine development, and

ore trade activities in China; and in 2013, he took the lead in opening the first formal rock and ore laboratory in Terengganu, Malaysia to provide laboratory services for surrounding gold, iron, manganese, tungsten, tin and other mines.

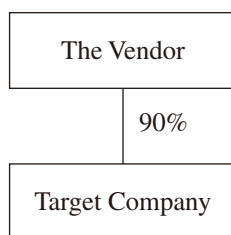
INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Malaysia with limited liability and is principally engaged in iron ore mining and bauxite processing activities. The Target Company has an authorised share capital of MYR10.00 divided into 10 ordinary shares of MYR1.0 each, of which all shares have been issued and are fully paid up by the Vendor. As at the date of this announcement, the Target Company is 90% owned by the Vendor.

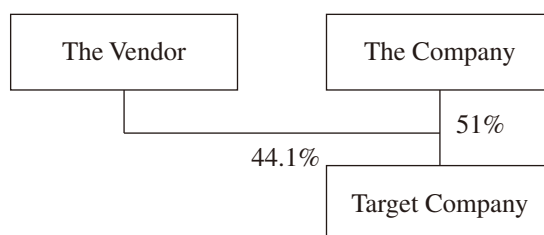
The Target Company is engaged in exploration and mining, and the iron ore mine in Malaysia is close to the completion of the application for the mining rights. As at the date of this announcement, the Target Company has entered into an exploration and mining services agreement with Malaysia pursuant to which the Target Company is responsible for production operations and asset supervision and management. It is also responsible for providing technical services such as exploration, mine design, ore mining, and beneficiation of the iron ore. It plans to invest a certain amount of capital and manpower, and add a certain amount of prospecting, mining, and mineral processing equipment to expand the company's production capacity.

Shareholding structure of the Target Company

Set out below is the shareholding structure of the Target Company as at the date of this announcement:



Set out below is the shareholding structure of the Target Company following the Completion:



Financial information of the Target Company

Set out below is the financial information of Powerful Leader Mining Sdn. Bhd. for the year ended 31 December 2021 and 31 December 2020:

	For the year ended 31 December 2021 MYR (unaudited)	For the year ended 31 December 2020 MYR (audited)
Revenue	–	16
Net loss before taxation	22,558	176,820
Net loss after taxation	22,558	176,820

As at 31 December 2021, the unaudited net liabilities of Powerful Leader Mining Sdn. Bhd. were approximately MYR199,368, while as at 31 December 2020, the audited net liabilities of Powerful Leader Mining Sdn. Bhd. were approximately MYR176,810.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is engaged in mine exploration and servicing, having certain mining rights in Malaysia and certain service agreements with other mines. Since the Company has long been solely operating in Hong Kong and Macau where their markets are mature with limited scope of growth, the Directors are of the view that the Acquisition provides an opportunity to the Company to step into other areas of construction and provision of services in the mining sector. The Directors believe that the Company can also utilise its experience and knowledge in order to provide consulting services in engineering, procurement and construction management (the “EPCM”) in the commercial infrastructures.

As at the date of this announcement, the Target Company has entered into an exploration and mining services agreement with a mining property in Malaysia, pursuant to which the Target Company is responsible for the supervision and management in respect of the design and construction of that property. The property is under development, and it is estimated that the project will be completed by the year end of 2024. The Target Company has entered into an agreement for the washing and processing with a local mine in Malaysia which is expected to generate significant revenues going forward.

The Directors therefore consider that the Acquisition will diversify the Company’s existing operations geographically and hence broaden its source of income, and will enhance and create long-term benefit for the Company. A senior manager experienced in the mining industry and in the construction and services areas in particular, will be hired to operate and oversee the project.

Based on the above, the Directors, having regard to the reasons and benefits referred to the above, believe that the terms of Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms, and the Acquisition is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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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 meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than Saturday, Sunday and other general public holidays in Hong Kong and any day(s) on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a black rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Hao Bai International (Cayman) Limited, a company incorporated in Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange
“Completion”	the completion of the sale and purchase of the Sale Share in accordance with the Sale and Purchase Agreement

“Completion Date”	a date of falling within fourteen (14) Business Days after the fulfillment (or as appropriate, waiver) of the conditions set out in the Sale and Purchase Agreement
“Consideration”	the total consideration of the Acquisition, being HK\$11,000,000
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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)
“Malaysia”	the sovereign state of Malaysia
“MYR”	Malaysian dollar(s), the lawful currency of Malaysia
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Promissory Note”	the promissory note in the aggregate principal amount of HK\$10,500,000 to be issued by the Company to the Vendor
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Share dated 6 June 2022 entered into between the Company and the Vendor and the Target Company
“Sale Share”	the entire issued share in the Target Company

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	Powerful Leader Mining Sdn. Bhd., a company incorporated under the laws of Malaysia with limited liability
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Mr. Tsoi Wai
“Warranties”	the representations, warranties, indemnities and undertakings of the Vendor as set out in the Sale and Purchase Agreement
“%”	per cent.

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

Hong Kong, 6 June 2022

As at the date of this announcement, the executive Directors are Mr. Nam Ho Kwan, Mr. Ng Wan Lok, Ms. Wong Wing Hung, 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 website of the Stock Exchange at 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 www.harmonyasia.com.