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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 RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE ON
A NON-UNDERWRITTEN BASIS**

PROPOSED RIGHTS ISSUE

The Company proposes to conduct the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise up to HK\$19,534,000 before expenses by way of issuing up to 97,670,000 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date).

Assuming full subscription of the Rights Shares and no change in the number of issued Shares on or before the Record Date, the estimated net proceeds from the Rights Issue will be approximately HK\$18.42 million.

The Company intends to apply the net proceeds from the proposed Rights Issue as follows:

- (a) approximately HK\$4.8 million for the repayment of the overdue accounts payables;
- (b) approximately HK\$1.6 million for the repayment of bank loans due within one year;
- (c) approximately HK\$4.7 million for the repayment of an outstanding loan due to a connected person of the Company;
- (d) approximately HK\$4.9 million for the expansion of the Group's businesses in the PRC; and

- (e) the remaining balance of approximately HK\$2.4 million for the general working capital of the Group, including but not limited to staff costs, rental expenses, legal and professional fees and other office overhead.

The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Share in nil-paid form for every two (2) existing Shares in issue and held on the Record Date, which is currently expected to be on Wednesday, 14 June 2023. The Rights Issue will not be available to the Non-Qualifying Shareholders.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Shares, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue and there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

GEM LISTING RULES IMPLICATIONS

As (i) the Company has not conducted any rights issue or open offer within the 12-month period immediately prior to the date of this announcement, and (ii) the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

THE OPTIONHOLDERS' UNDERTAKINGS

As at the date of this announcement, there are 6,000,000 outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for a total of 6,000,000 Shares under the Share Option Scheme. On 29 May 2023, each of the holders of the Share Options executed the Optionholders' Undertakings pursuant to which each of the holders of the Share Options has irrevocably undertaken in favour of the Company not to exercise any of the Share Options (or any part thereof) granted to him/her from the date of the Optionholder's Undertakings up to and including the close of business on the Record Date.

Save for the Optionholders' Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholder of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 June 2023 to Wednesday, 14 June 2023 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on Thursday, 15 June 2023. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt on an ex-rights basis from Tuesday, 6 June 2023. Dealings in the nil-paid Rights Shares are expected to take place from Monday, 19 June 2023 to Tuesday, 27 June 2023 (both days inclusive). Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in this announcement are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

PROPOSED RIGHTS ISSUE

The Company proposes to conduct the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise up to HK\$19,534,000 before expenses by way of issuing up to 97,670,000 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date). Set out below are the details of the Rights Issue statistics:

Rights Issue Statistics

| | | |
|---|---|---|
| Basis of the Rights Issue | : | One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date |
| Subscription Price | : | HK\$0.20 per Rights Share |
| Number of existing Shares in issue as at the date of this announcement | : | 195,340,000 Shares |
| Maximum number of Rights Shares to be issued pursuant to the Rights Issue | : | Up to 97,670,000 Rights Shares (assuming there is no change in the total number of issued Shares on or before the Record Date), representing (i) 50% of the total issued Shares as at the date of this announcement; and (ii) approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares |
| Aggregate nominal value of the Rights Shares | : | HK\$9,767,000 (assuming there is no change in the total number of Shares in issue on or before the Record Date) |
| Total number of Shares in issue upon completion of the Rights Issue | : | Up to 293,010,000 Shares (assuming there is no change in number of Shares in issue on or before the Record Date) |
| Maximum gross proceeds to be raised from the Rights Issue | : | Up to HK\$19,534,000 |

The Optionholder's Undertakings

As at the date of this announcement, there are 6,000,000 outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for a total of 6,000,000 Shares under the Share Option Scheme. On 29 May 2023, each of the holders of the Share Options executed the Optionholders' Undertakings pursuant to which each of the holders of the Share Options has irrevocably undertaken in favour of the Company not to exercise the Share Options (or any part thereof) granted to him/her from the date of the Optionholders' Undertakings up to and including the close of business of the Record Date.

Save for the Optionholders' Undertakings, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Shares, any Untaken Shares together with any NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent places under the Placing. Any Untaken Shares and/or NQS Unsold Shares which remain unplaced under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the Rights Issue and there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

The Subscription Price

The Subscription Price is HK\$0.20 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 5.66% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.68% to the average closing price of approximately HK\$0.219 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 13.79% to the average closing price of HK\$0.232 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 3.85% to the theoretical ex-entitlement price of HK\$0.208 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the allotment and issue of the Rights Shares;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 3.83% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical diluted price of approximately HK\$0.217 per Share to the benchmarked price of approximately HK\$0.226 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.212 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of HK\$0.226 per Share; and
- (vi) a premium of approximately 36.99% over the adjusted unaudited consolidated net asset value per Share attributable to owners of the Company as at 30 September 2022 of approximately HK\$0.146 per Share calculated based on the unaudited consolidated net assets of the Company attributable to owners of the Company of approximately HK\$21,210,000 as at 30 September 2022 as set out in the interim report of the Company for the six months ended 30 September 2022 adjusted by the net proceeds of approximately HK\$7,390,000 received from the placing of new shares under general mandate completed on 12 January 2023 and 195,340,000 Shares in issue as at the date of this announcement.

The Subscription Price and the subscription ratio of the Rights Issue were determined with reference to and having considered (i) the prevailing market prices of the Shares; (ii) the current financial position of the Group; and (iii) the reasons for the Rights Issue and the use of proceeds as set out in the paragraph headed “Reasons for the Rights Issue and the Use of Proceeds” in this announcement.

In determining the Subscription Price, the Directors have considered, among other things as mentioned above, that it was necessary to set the Subscription Price at a discount to the prevailing market prices of the Shares as (i) the Company has imminent needs to raise fund from the Right Issue mainly for the repayment of overdue payables and loans and for general working capital purposes, and the expansion of the future development of the Group's existing businesses which is expected to create positive value for the Shareholders in the future; and (ii) the fluctuated downward trend of the prevailing market prices of the Shares since March 2023 where the market prices of the Shares decreased from HK\$0.66 on 7 March 2023 to HK\$0.212 as at the Last Trading Day, representing a decrease of approximately 67.88%.

Despite the fact that the Subscription Price represents a discount of approximately 5.66% to the closing price of HK\$0.212 per Share on the Last Trading Day, the Directors noted that the Subscription Price represents a premium of approximately 36.99% to the adjusted unaudited consolidated net asset value per Share attributable to owners of the Company as at 30 September 2022 which the Directors consider to be a more appropriate and meaningful reference in assessing the value of the Shares. In view of the above, the Directors consider that the terms of the Rights Issue, including the subscription ratio, and the Subscription Price which has been set at a discount to the abovementioned benchmarked price with an objective to encourage the Qualifying Shareholders to take up their entitlements to support the use of proceeds abovementioned and to participate in the potential growth of the Company while the Subscription Price is still at an attractive price having considered the adjusted unaudited consolidated net asset value per Share attributable to owners of the Company as at 30 September 2022, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interest of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not want to participate in the Rights Issue can dispose of the nil-paid Rights Shares in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective shareholding interests in the Company and to participate in the growth and development of the Company, in priority to other potential investors; and (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective shareholding interests in the Company at a relatively low price as compared to the recent market prices of the Shares.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the issue by the Stock Exchange of a certificate authorising the registration, and the registration with the Registrar of Companies in Hong Kong, respectively, of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (iii) the granting by the GEM Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (v) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The above conditions are incapable of being waived. If any of the above conditions are not satisfied at or prior to the respective time stipulated therein or 4:00 p.m. on the Placing Long Stop Date (as the case may be), the Rights Issue will not proceed.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

Basis of provisional allotments

Under the Rights Issue, the basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Qualifying Shareholders and Non-Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Company will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 7 June 2023.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled to and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

Odd lot arrangement

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Company will appoint a designated broker to arrange for matching service on a best effort basis regarding the sale and purchase of odd lots of the Shares for a limited period of time. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the Prospectus.

Closure of register of members

The register of members of the Company will be closed from Thursday, 8 June 2023 to Wednesday, 14 June 2023 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s), if any, may not be eligible to take part in the Rights Issue as explained below.

If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may be ineligible to take part in the Rights Issue as explained below. The Board will make enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus.

To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send PALs to them. The Non-Qualifying Shareholders will not be entitled to any provisional allotment under the Rights Issue.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any NQS Unsold Shares will be placed by the Placing Agent at the price at least equivalent to the Subscription Price under the Placing together with the Untaken Shares. The proceeds of the sale as described above, less expenses and in the case of being sold by the Placing Agent, also less the Subscription Price and the Placing Agent's commission, will be paid pro-rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders' and the No Action Shareholders' shareholdings held on the Record Date on the basis of all NQS

Unsold Shares and Untaken Shares in Hong Kong dollars. Any Untaken Shares and the NQS Unsold Shares which remain unplaced after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Based on the register of members of the Company as at the date of this announcement, there is 1 Overseas Shareholder holding 10,400,000 Shares, representing approximately 5.32% of the total number of issued Shares, whose registered address is in the PRC.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Company. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Share certificates and refund cheques for the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted by Wednesday, 26 July 2023 to those entitled thereto at their registered addresses by ordinary post at their own risk.

Refund cheques, if the Rights Issue is terminated, are expected to be posted on or before Wednesday, 26 July 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Application for the Rights Shares

Application for all or any part of a Qualifying Shareholder's provisional allotment of Rights Shares should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar at or before the Latest Time for Acceptance.

No application for excess Rights Shares

There will be no excess application arrangements in relation to the Rights Issue.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. In addition, given that the Company has put in place the arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, details of which are set out in the paragraph headed "Procedures in respect of the Untaken Shares and the NQS Unsold Shares and the Placing" below, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

In light of the above, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares, and regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

Procedures in respect of the Untaken Shares and the NQS Unsold Shares and the Placing

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Untaken Shares and the NQS Unsold Shares by offering the Untaken Shares and the NQS Unsold Shares to independent places for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Placing Shares to independent places on a best effort basis after the number of the Untaken Shares and the NQS Unsold Shares that are subject to the Placing has been announced. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m. on the Placing End Date, places for all (or as many as possible) of those Untaken Shares and the NQS Unsold Shares if a premium over the Subscription Price and the expenses of procuring such places (including any related commissions and any other related expenses/fees) can be obtained. Any Untaken Shares and the NQS Unsold Shares which remain unplaced after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Untaken Shares and NQS Unsold Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent). It is proposed that Net Gain to any of the No Action Shareholder(s) or the Non-Qualifying Shareholders of HK\$100 or more will be paid to them in Hong Kong dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

The Placing

On 29 May 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent to procure, on a best effort basis, places to subscribe for the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement.

The principal terms of the Placing Agreement are summarised below:

Date : 29 May 2023 (after trading hours of the Stock Exchange)

Placing Agent : CNI Securities Group Limited

The Placing Agent confirms that itself and its ultimate beneficial owner(s) are Independent Third Parties.

Placing commission and expenses : The Company shall (i) pay to the Placing Agent a placing commission in Hong Kong dollars equivalent to 1.6% of the gross proceeds from the subscription of the Placing Shares successfully placed by the Placing Agent multiplied by the placing price under the Placing Agreement; and (ii) reimburse the Placing Agent of the expenses in relation to the Placing (including but not limited to all out-of-pocket expenses actually incurred by the Placing Agent in connection with the Placing), and the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at the completion of the Placing in accordance with the Placing Agreement.

Placing price : The placing price per Placing Share shall be at least equivalent to the Subscription Price. The final price determination will be depended on the demand and market conditions of the Placing Shares during the Placing Period. Further announcement in respect of the placing price, if determined, will be made by the Company.

Placing Period : The Placing Period shall commence on Tuesday, 4 July 2023, and end at 6:00 p.m. on Wednesday, 12 July 2023 or such other dates and/or time as the Company and the Placing Agent may agree, being the period during which the Placing Agent will seek to effect the Placing.

- Placees : The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be Independent Third Parties; (ii) such that no placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company being incapable to comply with the public float requirements under the GEM Listing Rules immediately following the Placing.
- Ranking : The Placing Shares, when issued and fully-paid, will rank *pari passu* in all respects among themselves with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the grant by the GEM Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it was repeated as at the time of completion of the Placing Agreement; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events thereunder.

The timetable of the Placing is driven by the timetable of the Rights Issue. Pursuant to the terms of the Placing Agreement, the Placing Period shall commence on Tuesday, 4 July 2023 and end on Wednesday, 12 July 2023, or such other date as the Company and the Placing Agent may agree.

The Placing Long Stop Date for the fulfilment of conditions of the Placing Agreement shall be on Thursday, 13 July 2023 (being the next Business Day after the Placing End Date) or such later date as may be agreed between the Company and the Placing Agent. The Company shall use its reasonable endeavours to procure the fulfilment of the condition (i) above. The Company and the Placing Agent shall use their respective reasonable endeavours to procure the fulfillment of the conditions (ii) and (iii) above. If the said conditions are not fulfilled on or before the Placing Long Stop Date (or such later date as may be agreed between the parties thereto), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach thereunder.

Completion of the Placing

Subject to the fulfilment of conditions of the Placing as set out in the paragraph headed “Conditions of the Placing” in this announcement, the completion of the Placing is expected to take place on the seventh Business Day after the Placing Long Stop Date (or such later date as the Company and the Placing Agent may agree).

The engagement between the Company and the Placing Agent in respect of the Untaken Shares and the NQS Unsold Shares was determined after arm’s length negotiation between the Placing Agent and the Company and is on normal commercial terms. In particular, the Directors, taking into account the range of placing commissions for recent rights issues conducted by issuers listed on the Stock Exchange, consider that the terms of the Placing Agreement, including the placing commission, are on normal commercial terms. Given that the Placing would provide (i) a distribution channel of the Untaken Shares and the NQS Unsold Shares; and (ii) a compensatory mechanism for the No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Placing Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE 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 at 30 April 2023, the Group had overdue accounts payables of approximately HK\$4.8 million and bank loans of approximately HK\$1.6 million due within one year. The bank loans are in the principal amounts ranging from HK\$1.0 million to HK\$4.0 million and at the interest rates ranging from 3.5% to 5.75% per annum based on the bank’s prime rate. In addition, as at the date of this announcement, the Group has an outstanding loan due to an associate of a former Director, in the principal amount of HK\$4.5 million at an interest rate of 12.6% per annum for a term of twelve months and will fall due in June 2023. The Group intends to raise additional funds to repay the above outstanding loans and payables.

Further, as disclosed in the third quarterly report of the Company for the nine months ended 31 December 2022, the Group has continued to see positive results in the business activities in the PRC and intends to expand its business into the Greater Bay Area of the PRC. With the novel coronavirus pandemic having becoming under control in the PRC, the Board is of the view that the overall business sentiment and environment in the PRC would improve gradually, and has resolved to expand the Group's businesses in the PRC by investing in construction projects in the PRC.

Assuming a maximum of 97,670,000 Rights Shares will be issued under the Rights Issue, the estimated gross proceeds of the Rights Issue will be HK\$19,534,000. The estimated expenses in relation to the Rights Issue will amount to approximately HK\$1.12 million and the estimated maximum net proceeds of the Rights Issue will be approximately HK\$18.42 million. The net subscription price per Rights Share is expected to be approximately HK\$0.189.

The Company intends to apply the net proceeds from the proposed Rights Issue as follows:

- (a) approximately HK\$4.8 million for the repayment of the overdue accounts payables;
- (b) approximately HK\$1.6 million for the repayment of the bank loans due within one year;
- (c) approximately HK\$4.7 million for the repayment of the outstanding loan due to a connected person of the Company;
- (d) approximately HK\$4.9 million for the expansion of the Group's businesses in the PRC; and
- (e) the remaining balance of approximately HK\$2.4 million for the general working capital of the Group, including but not limited to staff costs, rental expenses, legal and professional fees and other office overhead.

In respect of the net proceeds from the Rights Issue of approximately HK\$4.9 million to be applied for the expansion of the Group's businesses in the PRC, since the Group has long been solely operating in Hong Kong and Macau prior to its commencement of businesses in the PRC in or around April 2022, and the Board is of the view that the Hong Kong and Macau markets are mature with limited growth, it is the Group's plans to expand the business map of its existing management contracting and consulting business into the PRC and to diversify income sources by stepping into other services areas in the construction industry including but not limited to the provision of management contracting and consulting services in the areas of environmental protection, landscape greening and fire prevention in the PRC.

The Group has successfully stepped into the construction industry in the PRC market since April 2022 and the Board has continued to witness positive results in engaging business in the PRC. For the nine months ended 31 December 2022, revenue generated from the Group's management contracting business in the PRC was approximately HK\$9.2 million, which accounted for more than 40% of the total revenue of the Group for the nine months ended 31 December 2022. In addition, in January 2023, the Group has successfully participated in a large-scale cultural and tourism construction project in Mianyang City, Sichuan (the "**Mianyang Project**") pursuant to which the Group will be responsible for several batches of management contracting services in the areas of hydropower, fire protection, landscape engineering of the Mianyang Project with total contract value of approximately RMB300 million. Upon discussions with the outsourcer of the Mianyang Project, the Company estimated that the construction period of the Mianyang Project will be more than 5 years and the estimated contract value for the first batch of the management contracting services of the Mianyang Project will be approximately RMB20 million which is expected to be commenced by the last quarter of 2023. The Company is of the view that the expansion of the Group's businesses in the PRC is promising and believes that the Group's businesses in the PRC will continue to contribute stable income source for the Group.

In view of the above, the Company intends to apply approximately HK\$4.9 million of the net proceeds from the Rights Issue for the estimated initial start-up cost of the first batch of the management contracting services of the Mianyang Project including but not limited to engineering deposit, subcontracting fees, materials and labour cost.

As the Rights Issue will proceed on a non-underwritten basis, the actual amount of the net proceeds from the Rights Issue cannot be ascertained as at the date of this announcement. In the event that there is an undersubscription of the Rights Shares, the net proceeds will be utilised in the order as follows: (i) firstly, for the repayment of the outstanding loan due to a connected person of the Company due in June 2023; (ii) secondly, the repayment of the bank loans due within one year; and (iii) lastly, the remaining net proceeds of the proposed Rights Issue will be scaled down and utilised in proportion to the remaining uses including (a) the repayment of the overdue accounts payables; (b) the expansion of the Group's businesses in the PRC; and (c) the general working capital of the Group.

Other fund-raising alternatives

Other than the Rights Issue, the Company has considered other debt/equity fund-raising alternatives such as bank borrowings, placing or open offer. However, the Board considers that debt financing will result in additional interest burden and a higher gearing ratio of the Group. In addition, debt financing may not be achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. As for equity fund-raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the

Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain or decrease their respective pro rata shareholdings in the Company by taking up their respective rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

Having considered the above-mentioned alternatives, the Directors consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to dispose of, terminate or scale down any of its existing businesses.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Company had carried out the following equity fund-raising activities in the past 12 months immediately preceding the date of this announcement:

| Date of announcement | Event | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|--|---|--|--|---|
| 29 December 2022 (completed on 12 January 2023) | Placing of new Shares under general mandate | HK\$7.39 million | (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 of approximately HK\$0.40 million for replenishing the working capital of the Group to support its business operations. | (i) approximately HK\$1.40 million was used for the repayment of bank loans; (ii) approximately HK\$5.59 million was used for the overdue trade payables; and (iii) approximately HK\$0.40 million was used for replenishing the working capital of the Group to support its business operations. |

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE AND THE PLACING

The expected timetable for the Rights Issue is set out below:

| Event | Date |
|--|---|
| Last day of dealings in the Shares on a cum-entitlement basis | Monday, 5 June 2023 |
| First day of dealings in the Shares on an ex-entitlement | Tuesday, 6 June 2023 |
| Latest time for lodging transfers of the Shares in order for the transferees to qualify for the Rights Issue. | 4:30 p.m. on Wednesday, 7 June 2023 |
| Closure of register of members to determine the entitlements to the Rights Issue | From Thursday, 8 June 2023 to Wednesday, 14 June 2023 (both days inclusive) |
| Record Date for the Rights Issue | Wednesday, 14 June 2023 |
| Re-opening of the register of members of the Company. | Thursday, 15 June 2023 |
| Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only). | Thursday, 15 June 2023 |
| First day of dealings in nil-paid Rights Shares | Monday, 19 June 2023 |
| Latest time for splitting of PALs | 4:30 p.m. on Wednesday, 21 June 2023 |
| Last day of dealings in nil-paid Rights Shares | Tuesday, 27 June 2023 |
| Latest Time for Acceptance of and payment for the Rights Shares. | 4:00 p.m. on Friday, 30 June 2023 |
| Announcement of the number of the Untaken Shares and NQS Unsold Shares subject to the Placing | Monday, 3 July 2023 |
| Commencement of the Placing Period (if there are any Untaken Shares and NQS Unsold Shares available) | Tuesday, 4 July 2023 |
| Placing End Date for placing the Placing Shares | 6:00 p.m. on Wednesday, 12 July 2023 |

| Event | Date |
|---|---|
| Latest time for the Rights Issue to become unconditional and the Placing Long Stop Date. | 4:00 p.m. on Thursday, 13 July 2023 |
| Placing completion date | Monday, 24 July 2023 |
| Announcement of results of the Rights Issue (including results of the placing of Untaken Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Untaken Shares and NQS Unsold Rights Share under the Placing) | Tuesday, 25 July 2023 |
| Despatch of share certificates for the Rights Shares or refund cheques, if terminated | Wednesday, 26 July 2023 |
| Expected first day of dealings in fully-paid Rights Shares. | Thursday, 27 July 2023 |
| Designated broker starts to stand in the market to provide matching services for odd lots of the Shares | 9:00 a.m. on Thursday, 27 July 2023 |
| Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares | 4:00 p.m. on Wednesday, 16 August 2023 |
| Payment of the Net Gain (if any) to relevant No Action Shareholders (if any) | Wednesday, 16 August 2023 |

Notes:

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this announcement are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place if a tropical cyclone signal No. 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 30 June 2023, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 30 June 2023, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day on which none of the aforementioned warnings is in force at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above may be affected.

Dates stated in this announcement for event mentioned in the timetable are indicative only and may be extended or varied. Any changes to the above expected timetable will be announced as and when appropriate in accordance with the GEM Listing Rules.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no change in the total number of issued Shares from the date of this announcement up to the Rights Issue Completion other than the allotment and issue of the Rights Shares and/or Placing Shares (as the case may be) (i) as at the date of this announcement; (ii) immediately after the Rights Issue Completion (assuming full acceptance by all Qualifying Shareholders); and (iii) immediately after the Rights Issue Completion (assuming (a) nil acceptance by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

| | As at the date of this announcement | | Immediately after the Rights Issue Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue | | Immediately after the Rights Issue Completion assuming (a) nil acceptance by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing | |
|---|--|------------------|--|------------------|--|------------------|
| | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % | Number of issued Shares | Approximate % |
| Substantial Shareholders | | | | | | |
| Harmony Asia International Limited (<i>Note 1</i>) | 63,239,000 | 32.37 | 94,858,500 | 32.37 | 63,239,000 | 21.58 |
| Sung Chenglei | 26,000,000 | 13.31 | 39,000,000 | 13.31 | 26,000,000 | 8.87 |
| Chen Mingxia | 24,375,000 | 12.48 | 36,562,500 | 12.48 | 24,375,000 | 8.32 |
| Public Shareholders | | | | | | |
| Placees | – | – | – | – | 97,670,000 | 33.33 |
| Other public Shareholders | 81,726,000 | 41.84 | 122,589,000 | 41.84 | 81,726,000 | 27.89 |
| Total | <u>195,340,000</u> | <u>100.00</u> | <u>293,010,000</u> | <u>100.00</u> | <u>293,010,000</u> | <u>100.00</u> |

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 63,239,000 Shares held by Harmony Asia International Limited by virtue of the SFO.
- The percentages are subject to rounding difference, if any. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

GEM LISTING RULES IMPLICATIONS

As (i) the Company has not conducted any rights issue or open offer within the 12-month period immediately prior to the date of this announcement, and (ii) the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

GENERAL

The Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Thursday, 15 June 2023. A copy of the Prospectus will also be made available on the websites of the Company (<http://www.irasia.com/listco/hk/haobai/>) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS AND THE CONVERTIBLE NOTES

As at the date of this announcement, there are (i) 6,000,000 outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for an aggregate of 6,000,000 new Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustments will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt on an ex-rights basis from Tuesday, 6 June 2023. Dealings in the nil-paid Rights Shares are expected to take place from Monday, 19 June 2023 to Tuesday, 27 June 2023 (both days inclusive). Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” in this announcement are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

DEFINITIONS

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

| | |
|----------------|--|
| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday, a Sunday, a public holiday and 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 licensed banks are open for general banking business in Hong Kong throughout their normal business hours |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “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) |

| | |
|---------------------------------|---|
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “GEM Listing Committee” | has the meaning ascribed to it under the GEM Listing Rules |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administration Region of the PRC |
| “Independent Third Parties” | third parties independent from, and not connected with, the Company and its connected persons |
| “Last Trading Day” | Monday, 29 May 2023, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement |
| “Latest Time for Acceptance” | 4:00 p.m. on Friday, 30 June 2023 or such other time and/or date as may be determined and announced by the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue |
| “Net Gain” | any premiums paid by the placees over the Subscription Price for the Untaken Shares and the NQS Unsold Shares placed by the Placing Agent under the Placing |
| “No Action Shareholders” | Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid Rights Shares under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or the Non-Qualifying Shareholders (as the case may be) |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |

| | |
|---------------------------------|--|
| “NQS Unsold Shares” | the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company |
| “Optionholder’s Undertaking(s)” | the undertaking(s) by the holders of the Share Options, whereby each of the relevant holders of the Share Option irrevocably undertakes, represents and warrants to the Company that he/she/it will not exercise such Share Options held by him/her/it for the period from the date of such undertaking up to and including the close of business of the Record Date |
| “Overseas Shareholder(s)” | Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Placing” | arrangements to place the Untaken Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties |
| “Placing Agent” | CNI Securities Group Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO |
| “Placing Agreement” | the agreement dated Monday, 29 May 2023 entered into between the Company and the Placing Agent in respect of the Placing |
| “Placing End Date” | Wednesday, 12 July 2023 or such other dates as the Company and the Placing Agent may agree |
| “Placing Long Stop Date” | Thursday, 13 July 2023 (being the next Business Day after the Placing End Date) or such later date as the Company and the Placing Agent may agree |
| “Placing Period” | the period from Tuesday, 4 July 2023 up to the Placing End Date, being the period during which the Placing Agent will seek to effect the Placing |
| “Placing Share(s)” | Untaken Share(s) and the NQS Unsold Share(s) |

| | |
|-----------------------------|---|
| “Posting Date” | Thursday, 15 June 2023, or such other date as the Company may determine and announce for the despatch of the Prospectus Documents |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Prospectus” | the prospectus to be issued by the Company in relation to the Rights Issue |
| “Prospectus Documents” | the Prospectus and the PAL(s) |
| “Qualifying Shareholder(s)” | Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders |
| “Record Date” | the date by reference to which provisional allotments under the Rights Issue are expected to be determined, which is Wednesday, 14 June 2023 or such later date as may be determined and announced by the Company |
| “Registrar” | Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| “Rights Issue” | the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price subject to the conditions set out in the paragraph headed “Conditions of the Rights Issue” in this announcement |
| “Rights Issue Completion” | completion of the Rights Issue |
| “Rights Shares” | the Share(s) to be allotted and issued under the Rights Issue, being up to 97,670,000 Shares (assuming there is no other change in the total number of issued Shares from the date of this announcement up to and including the Record Date) |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

| | |
|-----------------------|--|
| “Share(s)” | ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company |
| “Share Option(s)” | the total of 6,000,000 outstanding share options granted under the Share Option Scheme entitling the holders thereof to subscribe for 6,000,000 new Shares |
| “Share Option Scheme” | the existing share option scheme adopted by the Company on 12 May 2017 |
| “Shareholder(s)” | holder(s) of the issued Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.20 per Rights Share |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Untaken Share(s)” | the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid Rights Shares under PAL(s) during the Rights Issue |
| “HK\$” | Hong Kong dollars, 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 May 2023

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 and Mr. Wang Xinliang; 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 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 <http://www.irasia.com/listco/hk/haobai/>.