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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 EQUITY INTEREST IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that, on 25 April 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 Shares at a consideration of HK\$13,000,000.

Upon Completion, the Target Company will be held as to 45% of its issued share capital by the Company and hence will become an associated entity of the Company. The financial results of the Target Group will not be consolidated into the financial statements of the Group.

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 disclosable 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

25 April 2022

Parties

- (1) the Company, as the purchaser; and
- (2) Miss So Siu Ngan, Amy, 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.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, save for the Acquisition and the transaction contemplated thereunder, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Vendor; and (b) the Company and/or any connected person of the Company.

Subject matter

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

Consideration

The Consideration for the Acquisition shall be HK\$13,000,000, 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 updated Land value and the unaudited net asset value of the Target Company as at 31 December 2021 with details set out in the section headed "Reasons for and benefits of the Acquisition"; and (ii) future prospects of the Target Company.

The Consideration shall be satisfied by the Company in the following manner (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\$12,500,000 by way of issuing the Promissory Note by the Company to the Vendor or its nominee(s) 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\$12,500,000
Holder of the Promissory Note:	the Vendor or its nominee(s)
Maturity:	The first anniversary date of the date of issue of the Promissory Note (the “ Maturity Date ”) or earlier date to be agreed between the parties
Interest:	12.5% per annum on the outstanding principal amount of the Promissory Note, payable quarterly in arrear
Transferability:	The Promissory Note may, within 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 five (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 <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 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 government of Hong Kong 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 director(s), legal representative(s), 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
- (iv) 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.

As at the date of this announcement, none of the conditions precedent set forth above has been fulfilled or waived.

Completion

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

Upon Completion, the Target Company will be held as to 45% of its issued share capital by the Company and hence will become an associated entity of the Company.

INFORMATION OF THE VENDOR

The Vendor, Miss So Siu Ngan, Amy, is an ordinarily resident in Hong Kong who has 30 years of experiences in property investment in Hong Kong.

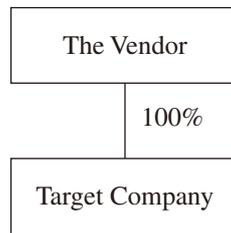
INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the Marshall Islands with limited liability and is principally engaged in investment holding. The Target Company has an authorised share capital of US\$500 divided into 500 ordinary shares of US\$1.0 each, of which 500 shares has been issued and is fully paid up by the Vendor. As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

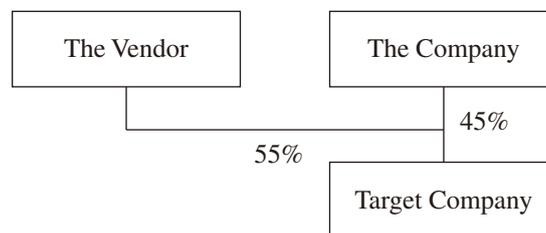
The Target Company is principally engaged in investment holding of the Land in Hong Kong. Please refer to the section headed “Reasons for and Benefits of the Acquisition” in this announcement for more details in relation to the Land.

Shareholding structure of the Target Group

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 Group

The financial information of the Target Group for the years ended 31 December 2021 and 2020, as extracted from its unaudited financial statements for the years ended 31 December 2021 and 2020, are set out below:

	For the year ended	
	31 December	
	2021	2020
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	–
Loss before taxation	275	275
Loss after taxation	275	275

As at 31 December 2021, the unaudited net assets of Target Group were approximately HK\$13,811,000.

The financial results of the Target Group will not be consolidated into the financial statements of the Group upon Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group principally engages in provision of design, procurement and installation services of water circulation systems. The Group mainly provides services, which are 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, to developers, main contractors and subcontractors in various private residential projects and hotel, casino, shopping and recreation complex projects in Hong Kong and Macau, and is ranked as one of the largest service providers in Hong Kong.

The Target Company is an investment company holding the Land. According to the information provided by the Vendor, the government lease for the Land will be expired in 2047, with use as agricultural and subject to the Po Toi Outline Zoning Plan. The Target Company is planning to turn the Land into a theme park and garden for pet lovers. During the difficult times of the COVID-19 social distance restriction, people in Hong Kong started to appreciate staycation and paid more visit to country parks and outer islands with friends and their beloved pets. It forms a new way of life in Hong Kong, and we expect this trend will continue to grow in the future. The Acquisition will earmark the beginning of the Company's natural expansion and diversification of its business into a new domain as a project owner, where the Company has competitive advantage due to management's expertise in both design and construction knowledge.

The Directors therefore consider that the Acquisition will diversify the Group's existing operation geographically and hence broaden its source of income, and will enhance and create long-term benefit for the Group.

Based on the above, the Directors 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

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.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares 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 GEM
“Completion”	the completion of the sale and purchase of the Sale Shares 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
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the total consideration of the Acquisition, being HK\$13,000,000
“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
“Group”	the Company and its subsidiaries
“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 and not connected with the Company and its connected persons
“Land”	various land parcels, including lot numbers 102, 103, 105, 109, 110, 111, 112, 114 to 178, 199 to 279, 285 to 288, 289 Section A, 292 to 296, 298 and 299 of Po Toi Island, Hong Kong, with a total area of approximately 180,000 square feet
“Promissory Note”	the promissory note in the aggregate principal amount of HK\$12,500,000 to be issued by the Company to the Vendor or its nominee(s)
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Shares dated 25 April 2022 entered into between the Company, the Vendor and the Target Company in relation to the Acquisition
“Sale Shares”	the 225 issued shares in the Target Company
“Shareholder(s)”	shareholder(s) of the Company
“sq. ft.”	square feet
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	Splendid Resources Inc., a company incorporated under the laws of the Marshall Islands with limited liability
“Vendor”	Miss So Siu Ngan, Amy
“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, 25 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.

* *For identification purposes only*