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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 ISSUE OF BONDS

Placing Agent

Cheong Lee Securities Limited

This announcement is made by the Company pursuant to Rule 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the SFO.

The Company is pleased to announce that it proposes to issue the Bonds to investors which/who are Independent Third Parties.

The Company is also pleased to announce that on 20 January 2023 (after trading hours of the Stock Exchange), the Company, as issuer, and the Placing Agent, as placing agent, entered into the Placing Agreement pursuant to which the Company has conditionally agreed to appoint the Placing Agent and the Placing Agent has conditionally agreed to act as the placing agent, on a best effort basis, to procure Placee(s) to subscribe for the Bonds in an aggregate principal amount of up to HK\$50,000,000 subject to the terms and conditions of the Placing Agreement within the Placing Period.

Completion of the Placing is subject to, among others, the fulfilment of the conditions precedent set out in the Placing Agreement. Accordingly, the Placing may or may not proceed and the proposed issue of the Bonds may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Bonds will be made by the Company as and when appropriate.

INTRODUCTION

This announcement is made by the Company pursuant to Rule 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the SFO.

The Company is pleased to announce that it proposes to issue the Bonds to investors which/ who are Independent Third Parties. The Bonds will be privately placed and none of the Bonds will be offered to the public in Hong Kong or be placed to connected persons of the Company.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Aggregate Principal Amount:	Up to HK\$50,000,000
Maturity Date:	On the date falling on the eighteenth (18th) month after the Issue Date(s) of the relevant Bonds (or, if that is not a Business Day, the first Business Day thereafter).
Interest Rate:	Twelve per cent. (12.0%) per annum calculated on the actual number of days elapsed and on the basis of a 365-day year payable on the Maturity Date, commencing from the respective Issue Date(s).
Issue Price:	100% of the principal amount of the Bonds
Form:	The Bonds are issued in registered form.
Transferability:	The Bonds may be transferred to any person upon delivery of the original Certificate issued in respect of that Bond, with the original form of transfer duly completed and signed, to the Company's office. Save with the consent of the Stock Exchange, none of the Bonds may be transferred to a connected person of the Company.
Title:	The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it or any entry on the register of Bondholders) and no person will be liable for so treating the holder.

Events of Default: If any of the event of default as stipulated in the terms and conditions of the Instrument occurs and is continuing, any Bondholder may give notice to the Company that the Bonds are, and they shall immediately become due and payable by the Company at their principal amount together with accrued and unpaid interest.

Status: The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Early redemption: The Company may at any time before the respective Maturity Date, by serving at least ten (10) days' prior written notice on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bond (in whole or in part) at not less than 100% of the total amount of such Bond together with payment of interests accrued up to the date of such early redemption. For the avoidance of doubt, no early redemption may be requested by the Bondholder.

Listing: No application will be made for the listing of the Bonds.

The Bonds may be issued in one or more tranches. The Company may, from time to time, enter into certain agreement(s) and/or document(s) in connection with the proposed offering, placing and/or issue of the entire aggregate principal amount of the Bonds to investors which/who are Independent Third Parties. Further announcement(s) in respect of the proposed issue of the Bonds will be made by the Company as and when appropriate.

THE PLACING AGREEMENT

The Company is pleased to announce that on 20 January 2023 (after trading hours of the Stock Exchange), the Company, as issuer, and the Placing Agent, as placing agent, entered into the Placing Agreement pursuant to which the Company has conditionally agreed to appoint the Placing Agent and the Placing Agent has conditionally agreed to act as the placing agent, on a best effort basis, to procure Placee(s) to subscribe for the Bonds in an aggregate principal amount of up to HK\$50,000,000 subject to the terms and conditions of the Placing Agreement within the Placing Period.

The principal terms of the Placing Agreement are summarised as follows:

Date: 20 January 2023 (after trading hours of the Stock Exchange)

Issuer: The Company

Placing Agent: Cheong Lee Securities Limited

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agent and its ultimate beneficial owners is an Independent Third Party.

Placees: The Bonds will be placed to the Placees who are Independent Third Parties and not connected persons of the Company.

Aggregate Principal Amount: Up to HK\$50,000,000 and in whole multiples of HK\$500,000

Issue Price: 100% of the aggregate principal amount of the Bonds

Placing Period: A period commencing from the date of the Placing Agreement and ending on the date falling three (3) weeks after fulfilment of the conditions precedent set out in the Placing Agreement, or such other period as may be agreed by the Company and the Placing Agent in writing.

Placing Commission: The Company shall, on each of the Placing Completion Date(s), pay to the Placing Agent in respect of the Placing a placing commission equal to 1.5% of the aggregate principal amount of the Bonds actually placed by the Placing Agent in accordance with the terms of the Placing Agreement.

The placing commission was determined after arm's length negotiation between the Company and the Placing Agent by reference to the size, the current and the expected market conditions and the time allowed for the Placing Agent to procure Placees for the Placing. The Directors are of the view that the placing commission payable for the Placing is fair and reasonable.

Conditions Precedent: The Placing and the obligations of the Placing Agent under the Placing Agreement in respect of the issue of the Bonds are conditional upon the following conditions being fulfilled within five (5) Business Days from the date of the Placing Agreement (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (i) all necessary consents and approvals as may be obtained by the Company and the Placing Agent having been obtained for the Placing; and
- (ii) there being no event of default as set out in the Instrument having occurred or occurring.

Completion of the Placing: Completion of the Placing may take place in tranches. Subject to the respective termination rights of the Company and the Placing Agent under the Placing Agreement and the Placing Agent having served a Completion Notice on any Business Day during the Placing Period, completion in respect of the Placing of each tranche of the Bonds shall take place within five (5) Business Days after the date of the said Completion Notice in accordance with the terms and conditions of the Placing Agreement.

Termination: The Placing Agent may, by notice to the Company given at any time prior to the expiry of the Placing Period, terminate the Placing Agreement in the absolute opinion of the Placing Agent, that the success of the Placing contemplated thereunder would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/ or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which may materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than fifteen (15) consecutive Business Day; or
- (vi) any material breach of any of the warranties provided by the Company under the Placing Agreement comes to the knowledge of the Placing Agent.

If at any time prior to the expiry of the Placing Period, any such notice as is referred to above is given by the Placing Agent, the obligations of all parties under the Placing Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Company may, by giving three (3)-day notice in advance to the Placing Agent prior to the expiry of the Placing Period, terminate the Placing Agreement in the absolute opinion of the Company.

Termination of the Placing Agreement in accordance with the terms and conditions therein shall be without prejudice to any rights of any party in respect of any breach by the other prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND 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 disclosed in the interim report of the Company for the six months ended 30 September 2022, the Group has continued to see positive results in business activities in the PRC and is identifying potential business and investment opportunities in the PRC. As at the date of this announcement, the Company has entered into a cooperation agreement with 中商華夏資產管理有限公司 (Zhongshang Huaxia Asset Management Co., Ltd.#) in relation to a construction project (the “**Project**”) regarding water circulation and electricity systems, fire safety and landscape greening for a key urban development project in Sichuan of the PRC.

Assuming the Bonds are placed in full, the maximum gross proceeds from the Placing will be HK\$50,000,000. The net proceeds (after deducting, among other things, the placing commissions, legal and profession fees, advisory fees and other costs and expenses in relation to the Placing) from the Placing will be approximately HK\$49,000,000. The Company intends to utilise the net proceeds from the issue of Bonds for financing the expansion of the Group’s principal businesses in the PRC including but not limited to the Project. In the light of the current market sentiment, the Board considers that the Placing represents an opportunity to raise capital for the Group. In addition, the Placing will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors are of the view that the Placing provides a good opportunity to strengthen the Group’s liquidity position, and the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Placing Agreement is in the best interests of the Company and the Shareholders as a whole.

Completion of the Placing is subject to, among others, the fulfilment of the conditions precedent set out in the Placing Agreement. Accordingly, the Placing may or may not proceed and the proposed issue of the Bonds may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Bonds will be made by the Company as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“Bondholder(s)”	a person in whose name the Bonds is registered in the register of bondholders of the Company
“Bonds”	a 18-month 12.0% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$50,000,000 to be placed pursuant to the Placing Agreement and to be created by the Instrument or, as the context may require, any part of the principal amount, which may be transferred or assigned to any third party
“Business Day(s)”	a day (excluding Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business during their normal business hours
“Certificate(s)”	a certificate stating in whose name a Bond is registered under
“Company”	Hao Bai International (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange
“Completion Notice”	a notice given by the Placing Agent in writing for the purpose of each completion of the Placing
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and are not acting in concert (as defined under the Codes on Takeovers and Mergers and Share Buy-back) and are independent of and not connected with the Company or the Directors, chief executive of the Company, or substantial Shareholders or any of its subsidiaries or their respective associates (as defined under the GEM Listing Rules)
“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Bonds (subject to such amendments as the Placing Agent may agree), together with the schedules (as from time to time altered in accordance with the instrument) and any other document executed in accordance with the instrument (as from time to time so altered) and expressed to be supplemental to the instrument
“Issue Date”	the date on which the relevant Bonds are issued
“Maturity Date”	the date falling on the eighteenth (18th) month of the Issue Date of the relevant Bonds (or, if that is not a Business Day, the first Business Day thereafter)
“Placee(s)”	any person or entity to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for the Bonds and who shall be independent individuals, corporate, institutional investors and are third parties independent of the Company and are not connected persons of the Company
“Placing”	the offer by way of a private placing by the Placing Agent, on a best effort basis, of the Bonds pursuant to the terms of the Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 20 January 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date(s)”	in respect of each Placee, the date(s) on which completion of the Placing of the relevant part of the Bonds takes place

“Placing Period”	a period commencing from the date of the Placing Agreement and ending on the date falling three (3) weeks after fulfilment of the conditions precedent set out in the Placing Agreement or such other period as may be agreed by the Company and the Placing Agent in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Project”	has the meaning ascribed thereto under the paragraph headed “Reasons for and Benefits of the Placing and Use of Proceeds”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 20 January 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, Mr. Wang Xinliang and Mr. Lin Hann Ruey; 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 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 publication and on the website of the Company at <https://www.irasia.com/listco/hk/haobai/>.

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