

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Hao Bai International (Cayman) Limited (the “**Company**”) 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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”). 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.*

QUARTERLY FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company are pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2021 (the “**Reporting Period**”) as follows. The unaudited condensed consolidated results of the Group for the three months ended 30 June 2021 have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2021

		Three months ended	
		30 June	
	NOTES	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	1,745	8,362
Cost of services		<u>(1,324)</u>	<u>(7,431)</u>
Gross Profit		421	931
Other income		24	710
Administrative expenses		(4,002)	(8,585)
Finance costs		<u>(227)</u>	<u>(683)</u>
Loss before income tax	4	(3,784)	(7,627)
Income tax expenses	5	<u>–</u>	<u>–</u>
Loss and total comprehensive expenses for the period		<u><u>(3,784)</u></u>	<u><u>(7,627)</u></u>
Loss per share, basic and diluted (HK cents)	7	<u><u>(0.29)</u></u>	<u><u>(0.59)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the three months ended					
30 June 2021					
As at 1 April 2021 (Audited)	13,000	81,096	(16,790)	(29,808)	47,498
Loss and total comprehensive expenses for the period	—	—	—	(3,784)	(3,784)
As at 30 June 2021 (Unaudited)	<u>13,000</u>	<u>81,096</u>	<u>(16,790)</u>	<u>(33,592)</u>	<u>43,714</u>
For the three months ended					
30 June 2020					
As at 1 April 2020 (Audited)	13,000	81,096	(16,790)	(873)	76,433
Loss and total comprehensive expenses for the period	—	—	—	(7,627)	(7,627)
As at 30 June 2020 (Unaudited)	<u>13,000</u>	<u>81,096</u>	<u>(16,790)</u>	<u>(8,500)</u>	<u>68,806</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2021

1. GENERAL

Hao Bai International (Cayman) Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The directors of the Company consider the Company’s immediate and ultimate holding company is Harmony Asia International Limited, a company incorporated in Samoa. The Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is located at Unit 1B, 10/F, Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Kowloon, Hong Kong.

The principal activity of the Company is investment holding and the Company together with its subsidiaries (the “**Group**”) are principally engaged in provision of design, procurement and installation services of water circulation systems.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The unaudited condensed consolidated financial information is presented in Hong Kong Dollar (“**HK\$**”), which is also the functional currency of the Company and all amounts have been rounded to the nearest thousand (HK\$’000), unless otherwise indicated.

The unaudited condensed consolidated financial information has been prepared on a basis consistent with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 March 2021. The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the unaudited condensed consolidated financial information.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

The unaudited condensed financial information has not been audited by the Company’s external auditor, but has been reviewed by the Audit Committee of the Company.

3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, who have been identified as the chief operating decision makers review the Group's internal reports in order to assess performance and allocate resources.

Based on the products and services offered by the Group to the customers, the executive directors of the Company consider that the operating segments are as follows:

- Management contracting services – provision of design, procurement and installation services of the water circulation systems
- Consultancy services – provision of consultancy services on water circulation systems
- Maintenance services – provision of maintenance and repair services for water circulation systems and replacement of parts

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from management contracting services	1,745	8,362

All revenue generated by the Group during the three months ended 30 June 2021 and 2020 was from contracts with customers within HKFRS 15, recognised over time and with fixed type of transaction price.

4. LOSS BEFORE INCOME TAX

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
This is stated after charging:		
Staff costs and related expenses (including directors' remuneration)		
Directors' emoluments (<i>Note (a)</i>)	733	864
Salaries, allowances and other benefits	1,344	2,569
Discretionary bonus	3	11
Contributions to defined contribution plans	64	115
	2,144	3,559
Less: Amount included in cost of services	(316)	(1,851)
	1,828	1,708

	Three months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other items		
Auditor's remuneration	120	120
Contract costs relating to management contracting services recognised as expenses (<i>Note (b)</i>)	1,324	7,431
Depreciation of property, plant and equipment	33	54
Depreciation of right-of-use assets	127	491
Lease payment recognised under short-term lease	–	40
	—————	—————

Notes:

- (a) With effect from 1 April 2020, the executive directors of the Company, Mr. Nam Ho Kwan, Mr. Ng Wan Lok and Ms. Wong Wing Hung, decided to waive 20% of their remuneration and will continue to have their remuneration reduced until 30 September 2021.
- (b) Contract costs included approximately HK\$385,000 (for the three months ended 30 June 2020: approximately HK\$3,925,000) and approximately HK\$316,000 (for the three months ended 30 June 2020: approximately HK\$1,851,000) relating to the consumables goods and staff cost respectively which the staff cost is also included in the amounts disclosed separately above.

5. INCOME TAX EXPENSES

The group entities established in the Cayman Islands, Samoa and the BVI are exempted from income tax.

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes during the three months ended 30 June 2021.

Pursuant to tax incentive approved under Section 20 of Decree Law No. 9/2014, Macau Complementary Tax is levied at a fixed rate of 12% (2020: 12%) on the taxable income above Macau Pataca (“MOP”) 600,000.

6. DIVIDEND

The directors of the Company did not declare or propose any dividend for the three months ended 30 June 2021 (for the three months ended 30 June 2020: Nil).

7. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following information:

	Three months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to the owners of the Company, used in basic and diluted loss per share calculation	(3,784)	(7,627)
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share calculation	1,300,000	1,300,000

Diluted loss per share is the same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the three months ended 30 June 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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

The COVID-19 outbreak has a material impact on the Group's operations and financial position for the three months ended 30 June 2021. The social distancing restrictions and requirement have been and continued to be modified by the government from time to time as COVID-19 developments unfold. The disruption from the COVID-19 outbreak is expected to persist in the near future and recovery from such disruption is expected to be slow. The Group has shifted its strategy and operations to ensure effective business continuity and evolution in this new rhythm of business.

During the Reporting Period, the Group recorded a net loss of approximately HK\$3.8 million for the three months ended 30 June 2021 as compared to a net loss of approximately HK\$7.6 million for the three months ended 30 June 2020. The Group's net loss was mainly attributable to substantial drop of revenue recorded by the Group in respect of the Reporting Period during which Hong Kong continued to undergo a historic economic downturn due to COVID-19. Affected by the extremely weak business sentiment in both Hong Kong and Macau, tendering new projects for water circulation systems in new construction or property development projects have been minimal and very competitive.

Looking forward, given the uncertainty of the duration of COVID-19, it is expected that the pandemic will continue to affect the business environment in Hong Kong and Macau in the near future. The high labour cost and shortage of experienced labour caused by reduced labour mobility in light of the travel restrictions due to COVID-19 between Hong Kong, Macau and the Mainland China are amongst the challenges which industry peers have faced. It is expected that the Group will face such intense competition to secure projects while we will closely monitor the progress and costs of the projects in order to enhance our competitiveness.

We have also taken measures in protecting the health of our staff. To position us in the best of financial and operational health to counter the challenges posed by COVID-19, we have streamlined to improve the existing operations.

In addition, we have held cost reduction programs to minimize cashflows and general expenses while taking considerable efforts to control capital expenditures. Reducing general administration and remuneration expenses will also be part of senior management's major focuses.

Although the Directors remain confident in the long term business outlook of Hong Kong and Macau and also the performance of the Group, the financial results of the Group in the next nine months may potentially be affected as a result of the adversities.

Riding on our solid experience in design, procurement and installation services of water circulation system and our established business connections with various main contractors and property developers in the industry, the Group will continue to explore opportunities in order to diversify or expand our businesses in Hong Kong, Macau and Mainland China respectively. The Directors will also evaluate its business strategies on a regular basis while any potential business opportunities will be discussed and reviewed internally. Business decisions are made in the view of improving the Group's long term potential growth while we will continue to leverage our network to enhance our financial positions for our shareholders and stakeholders.

Financial Review

Revenue

Our total revenue decreased by approximately HK\$6.6 million or 79.1% from approximately HK\$8.4 million for the three months ended 30 June 2020 to approximately HK\$1.7 million for the three months ended 30 June 2021.

The substantial reduction in our revenue was recorded by the Group in respect of the Reporting Period during which Hong Kong continued to undergo a historic economic downturn affected mainly by the outbreak of coronavirus pandemic. Due to the weak business environment, the Group has encountered its most challenging time in winning new construction and property development projects for water circulation systems.

Moreover, the decrease in revenue was also due to the reduction in number of projects for the three months ended 30 June 2021.

Cost of services

The Group's cost of services mainly consists of (i) consumables; (ii) sub-contracting fees; (iii) staff costs; (iv) consulting fees; (v) labour cost; and (vi) other expenses.

Our cost of services decreased by approximately HK\$6.1 million or 82% from approximately HK\$7.4 million for the three months ended 30 June 2020 to approximately HK\$1.3 million for the three months ended 30 June 2021. Such decrease was primarily driven by the reduction in cost of consumables, sub-contracting fees, project costs and labour expenses.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$0.5 million or 54.7% from approximately HK\$0.9 million for the three months ended 30 June 2020 to approximately HK\$0.4 million for the three months ended 30 June 2021. Such reduction was primarily attributable to the decrease in revenue as discussed above.

Our gross profit margin increased from approximately 11.1% for the three months ended 30 June 2020 to approximately 24.1% for the three months ended 30 June 2021. The increase was mainly due to the reduction in expenses such as salary, material and subcontract costs.

Other income

Our other income decreased from approximately HK\$0.71 million for the three months ended 30 June 2020 to approximately HK\$0.02 million for the three months ended 30 June 2021, as the Group no longer received any subsidies from the HKSAR Government under the Employment Support Scheme during the three months ended 30 June 2021.

Administrative expenses

Our administrative expenses decreased by approximately HK\$4.5 million or 53% from approximately HK\$8.6 million for the three months ended 30 June 2020 to approximately HK\$4.0 million for the three months ended 30 June 2021, mainly due to one-off legal cost of HK\$5.3 million incurred in connection with the arbitration award involving the project located at Kennedy Town back in 2020 which no longer existed for the three months ended 30 June 2021.

Finance costs

Our finance costs decreased by approximately HK\$0.5 million or 66.8% from approximately HK\$0.7 million for the three months ended 30 June 2020 to approximately HK\$0.2 million for the three months ended 30 June 2021, primarily due to the settlement of certain bank borrowings in December 2020.

Income tax expenses

For the three months ended 30 June 2021 and 30 June 2020, there were no assessable profits in Hong Kong and Macau and as a result, no income tax expenses were provided for.

Net Loss

The Company recorded a net loss of approximately HK\$3.8 million for the three months ended 30 June 2021 as compared to a net loss of approximately HK\$7.6 million for the three months ended 30 June 2020.

Contingent liabilities

As at 30 June 2020 and 2021, the Group did not have any significant contingent liabilities.

Dividend

No dividend was declared or proposed by the Board for the three months ended 30 June 2021 and 2020.

Foreign currency exposure

Since the Company's business activities are mainly operated in Hong Kong and Macau, and the relevant transactions are denominated in Hong Kong dollars, the Directors consider that the Company's risk in foreign exchange is insignificant.

Events after the Reporting Period

The Board is not aware of any significant events subsequent to 30 June 2021 which would materially affect the Group's operating and financial performance.

DISCLOSURE OF INTERESTS

(i) Directors' and Chief Executives' Interest and Short Position in the Shares, Underlying Shares or Debentures

So far as the Director are aware, as at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in shares of the Company (the "Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities of Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors referred in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of Interest	Number of the Shares held/ interested in	Long/short position	Percentage of Shareholding
Mr. Nam Ho Kwan (Note)	Interest in controlled corporation	652,290,000	Long position	50.18%

Note: Mr. Nam owns the entire issued share capital of Harmony Asia International Limited (“**Harmony Asia International**”) and is deemed, or taken to be, interested in the same number of the Shares held by Harmony Asia International for the purpose of the SFO. Mr. Nam is the Chairman of the Board and Chief Executive Officer and one of the controlling shareholders of the Company. These Shares were pledged to Prudential Brokerage Limited on 14 September 2020.

Save as disclosed above, as at 30 June 2021, none of the Directors nor chief executive of the Company has registered an interest and short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(ii) Substantial Shareholders’ and Other Persons’ Interest and Short Position in Shares, Underlying Shares or Debentures

So far as the Directors are aware, as at 30 June 2021, the following persons/entities had or deemed to have an interest or short position in the Shares, underlying Shares or debentures which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Name of Shareholder	Capacity/ Nature of Interest	Number of the Shares held/ interested in	Long/short position	Percentage of Shareholding
Harmony Asia International	Beneficial owner (<i>Note</i>)	652,290,000	Long position	50.18%
Mr. Nam Ho Kwan	Interest in controlled corporation (<i>Note</i>)	652,290,000	Long position	50.18%
Prudential Brokerage Limited	Person having security interest in shares	652,290,000	Long position	50.17%
Ms. Chen Mingxia	Beneficial owner	243,750,000	Long position	18.75%

Note: Harmony Asia International is a company incorporated in Samoa which is wholly-owned by Mr. Nam. Therefore, Mr. Nam is deemed to be interested in all Shares held by Harmony Asia International. These Shares were pledged to Prudential Brokerage Limited on 14 September 2020.

Save as disclosed above, as at 30 June 2021, no person/entities had notified the Company of an interest or short position in the Shares, underlying Shares or debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

During the three months ended 30 June 2021, no share option was granted, exercised, expired or lapsed under the share option scheme adopted by the Company on 12 May 2017 (the “**Share Option Scheme**”).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Scheme, at no time during the three months ended 30 June 2021 was the Company or any of its associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the Shares in, or debentures of, the Company, or had exercised any such rights.

USE OF PROCEEDS FROM LISTING

The Shares were listed on GEM on 26 May 2017 pursuant to the initial public offering of the Company. The net proceeds from the Listing (after deducting the underwriting fees and expenses related to the Listing) of a total of approximately HK\$38.0 million would be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. To cope with the increasingly challenging external business environment, the Board resolved to change and re-allocate the uses of the unutilised net proceeds. For more details including the reasons and benefits for the said change, please refer to the announcement of the Company dated 18 September 2020 (the “**Announcement**”). As at 30 June 2021, the Group had fully utilised the net proceeds from the Listing.

	Actual net proceeds <i>HK\$ million</i>	Amount utilised up to 18 September 2020 <i>HK\$ million</i>	Unutilised net proceeds as at 18 September 2020 <i>HK\$ million</i>	Revised allocation of net proceeds as at 18 September 2020 <i>HK\$ million</i>	Amount utilised from 19 September 2020 to 31 December 2020 <i>HK\$ million</i>	Unutilised net proceeds as at 30 June 2021 <i>HK\$ million</i>
Strengthening of the Group's industry position and expansion of business	19.4	0.8	18.6	–	–	–
Repayment of bank loans	7.6	7.6	–	20.0	20.0	–
Strengthening of the Group's technical and project management capabilities	3.6	3.6	–	–	–	–
Establishment of a Macau office/warehouse	2.5	0.2	2.3	–	–	–
Purchase of tools and equipment	1.6	–	1.6	–	–	–
General working capital	3.3	3.3	–	2.5	2.5	–
	<u>38.0</u>	<u>15.5</u>	<u>22.5</u>	<u>22.5</u>	<u>22.5</u>	<u>–</u>

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the three months ended 30 June 2021.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Reporting Period.

CORPORATE GOVERNANCE PRACTICE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

During the Reporting Period, the Company has adopted and complied with, where applicable, the Corporate Governance Code (“**CG Code**”) set out in Appendix 15 of the GEM Listing Rules to ensure that the Group’s business activities and decision-making processes are regulated in a proper and prudent manner, except for code provisions mentioned below.

Pursuant the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Nam Ho Kwan is currently the Chairman of the Board and the Chief Executive Officer, responsible for formulating the overall business development strategy and planning of the Group. In view of that, Mr. Nam has been responsible for the overall management of the Group since its inception, the Board believes that it is in the best interest of the Group to have Mr. Nam taking up both roles for effective management and business development.

Mr. Chong Ching Hoi resigned as the company secretary of the Company which results in the non-compliance of the Rule 5.14 of the GEM Listing Rules, resigned as the chief financial officer, ceased to serve as an authorised representative of the Company under Rule 5.24 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the authorised representative of the Company to accept on behalf of the Company the service of process in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Agent for Service of Process in Hong Kong**”) all with effect from 15 April 2021.

Mr. Ng Wan Lok, the executive Director of the Company, was appointed as an authorised representative of the Company under Rule 5.24 of the GEM Listing Rules with effect from 15 April 2021 and Mr. Nam Ho Kwan, the Chairman and Chief Executive Officer of the Company, was appointed as the Agent for Service of Process in Hong Kong with effect from 15 April 2021.

Mr. Lee Kun Yin was appointed as the chief financial officer and company secretary of the Company with effect from 15 July 2021.

Under code provision C.1.2 of the CG Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under rule 5.01 and Chapter 17 of the Listing Rules. Between 16 April 2021 and 14 July 2021, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision C.1.2 of the CG Code, due to the resignation of Mr. Chong Ching Hoi as chief financial officer while no replacement was found until 15 July 2021. All the executive Directors were involved in the daily operations of the Group and were fully aware of the performance, position and prospects of the Company, and the management of the Company had provided to all Directors quarterly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details prior to the regular board meetings. In addition, the management of the Company had provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Group and sufficient background or explanatory information for matters brought before the Board.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the Reporting Period.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associate (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group for the three months ended 30 June 2021.

AUDIT COMMITTEE

The Group has established an Audit Committee pursuant to a resolution of the Board passed on 19 January 2017 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or re-appointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the risk management and internal control procedures of the Group.

The Audit Committee consists of three independent non-executive Directors being Mr. Ng Kam Tsun (“**Mr. Ng**”), Mr. Ma Meng (“**Mr. Ma**”) and Mr. Li Ruyi (“**Mr. Li**”). Mr. Ng was appointed as the chairman of the Audit Committee on 30 September 2021, while Mr. Ma and Mr. Li were appointed as members of the Audit Committee on 3 January 2022 and 7 January 2022 respectively.

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2021 has been reviewed by the Audit Committee, which was of the opinion that the unaudited condensed consolidated results have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules, and that adequate disclosures have been made.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, subcontractors, business partners and shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

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

Hong Kong, 31 January 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 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.