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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)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2023**

#### **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 is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 (the “**Reporting Period**”) as follows. The unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 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 2023*

	NOTES	Three months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	6,953	7,618
Cost of services		<u>(5,534)</u>	<u>(4,291)</u>
Gross profit		1,419	3,327
Other income		1,990	–
Administrative expenses		(1,818)	(4,060)
Finance costs		<u>(51)</u>	<u>(86)</u>
<b>Profit/(Loss) before income tax</b>	4	1,540	(819)
Income tax expenses	5	<u>–</u>	<u>–</u>
<b>Profit/(Loss) for the period</b>	7	1,540	(819)
Other comprehensive income/(loss)		<u>–</u>	<u>–</u>
<b>Total comprehensive income/(loss) for the period</b>		<u>1,540</u>	<u>(819)</u>
<b>Profit/(Loss) for the period attributable to:</b>			
Owners of the Company		1,466	(819)
Non-controlling interests		<u>74</u>	<u>–</u>
		<u>1,540</u>	<u>(819)</u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		1,466	(819)
Non-controlling interests		<u>74</u>	<u>–</u>
		<u>1,540</u>	<u>(819)</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic and Diluted ( <i>in HK cents</i> )		<u>0.08</u>	<u>(0.05)</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Share Capital HK\$'000	Share Premium HK\$'000	Share Option Reserve HK\$'000	Other Reserve HK\$'000	Accumulated Losses HK\$'000	Subtotal HK\$'000	Non- Controlling Interests HK\$'000	Total HK\$'000
<b>For the three months ended</b>								
<b>30 June 2023</b>								
At 1 April 2023 (Audited)	19,534	89,473	2,016	(16,790)	(93,445)	788	98	886
Non-controlling interest	-	-	-	-	-	-	(142)	(142)
Total comprehensive income/ (loss) for the period	-	-	-	-	1,466	1,466	74	1,540
As at 30 June 2023 (Unaudited)	<u>19,534</u>	<u>89,473</u>	<u>2,016</u>	<u>(16,790)</u>	<u>(91,979)</u>	<u>2,254</u>	<u>30</u>	<u>2,284</u>
<b>For the three months ended</b>								
<b>30 June 2022</b>								
At 1 April 2022 (Audited)	13,000	81,096	-	(16,790)	(60,238)	17,068	-	17,068
Issuance of new shares	2,600	-	-	-	-	2,600	-	2,600
Total comprehensive income/ (loss) for the period	-	-	-	1,080	(819)	261	-	261
As at 30 June 2022 (Unaudited)	<u>15,600</u>	<u>81,096</u>	<u>-</u>	<u>(15,710)</u>	<u>(61,057)</u>	<u>19,929</u>	<u>-</u>	<u>19,929</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the three months ended 30 June 2023*

## 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 Suite 801, 8th Floor, Chinachem Century Tower, 178 Gloucester Road, Hong Kong.

The principal activity of the Company is investment holding and the Company together with its subsidiaries (the “**Group**”) are 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.

## 2. (A) 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 2023. 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.

## 2. (B) BASIS OF MEASUREMENT AND GOING CONCERN ASSUMPTION

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next nine months from the date of approval of this quarterly results announcement, after taking into consideration of the following:

- (i) the substantial shareholder has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due;
- (ii) the substantial shareholder has agreed not to demand for any repayment due to him of approximately HK\$21,162,000 at 31 March 2022 until the Group is in a financial position to do so;
- (iii) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future;
- (iv) the Group will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks;
- (v) the Group will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support the continuing growth of the Company. For example, proposed issue of bonds and proposed rights issue on the basis of 1 rights share for every 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. Please refer to the announcements dated 20 January 2023, 29 May 2023 and 14 June 2023 and prospectus dated 28 July 2023 for further information; and
- (vi) directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring occurrence of other operating expenses.

Provided that the above-mentioned plans can be successfully achieved, the Directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the first quarterly financial statements have been prepared on a going concern basis.

### 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 and engineering, procurement and construction management (“EPCM”) services of commercial and residential buildings and infrastructures in mainland China |
| Maintenance services            | – provision of maintenance and repair services for water circulation systems and replacement of parts                                                                                                                     |

	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from management contracting services in Hong Kong	<b>4,435</b>	3,332
Revenue from management contracting services in mainland China	<b>2,518</b>	4,286
	<b>6,953</b>	7,618

All revenue generated by the Group during the three months ended 30 June 2023 and 2022 was from contracts with customers within HKFRS 15, recognised over time and/or with fixed type of transaction price.

#### 4. PROFIT/(LOSS) BEFORE INCOME TAX

	Three months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
This is stated after charging:		
<b>Staff costs and related expenses (including directors' remuneration)</b>		
Directors' emoluments	624	792
Salaries, allowances and other benefits	126	2,413
Contributions to defined contribution plans	18	32
	<u>768</u>	<u>3,237</u>
Less: Amount included in cost of services	(18)	(1,585)
	<u>750</u>	<u>1,652</u>
<b>Other items</b>		
Auditor's remuneration	40	36
Contract costs relating to management contracting services recognised as expenses	2,063	1,773
Depreciation of property, plant and equipment	28	30
Depreciation of right-of-use assets	222	64
	<u>2,353</u>	<u>1,903</u>

#### 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 for as the Group's current profit is set off against the accumulated tax losses from prior years for the three months ended 30 June 2023.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% of the profit assessable to tax for the three months ended 30 June 2023.

#### 6. DIVIDEND

The directors of the Company did not declare or propose any dividend for the three months ended 30 June 2023 (for the three months ended 30 June 2022: Nil).

## 7. PROFIT/(LOSS) PER SHARE

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

	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit/(Loss) for the period attributable to the owners of the Company, used in basic and diluted profit/(loss) per share calculation	<b>1,466</b>	<b>(819)</b>
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for basic and diluted profit/(loss) per share calculation	<b>195,340</b>	<b>1,560,000</b>

Diluted profit/(loss) per share is the same as the basic profit/(loss) per share as there are no dilutive potential ordinary shares in existence during the three months ended 30 June 2023 and 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

During the reporting period, the Group, a Hong Kong-based contractor, was 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. 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 mainland China. 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 engineering, procurement and construction management (“EPCM”) services of commercial and residential buildings and infrastructures in mainland China and (iii) maintenance services – provision of maintenance and repair services for water circulation systems.

Despite the end of COVID-19, there are still many challenges in the business environment, including economic slowdown, weak consumption and higher capital cost in Hong Kong because of the Fed rate increase. These factors will create economic pressure on the Group’s business development.

It is expected that the Group will continue to face challenges such as high labour cost and shortage of experienced labour, while trying to win new projects at the same time. Although the Directors remain confident in the long term business outlook of Hong Kong and mainland China 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.

The Group will continue to review its existing business on a regular basis and is committed to improve the business operations and financial position of the Group, while trying to identify potential business and investment opportunities to expand its source of income. 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.

The Group has continued to see the positive results of doing business in mainland China while tendering for projects with various construction or property development companies in Hong Kong at the same time. The Company’s management team will also spend more time in the Greater Bay Area to proactively target certain companies for joint venture, business collaboration and investment opportunities.

The Group’s main operating companies have met or exceeded their targets in customer satisfaction, reliability, environmental or operation excellence during the reporting period. These consistent operational outcomes reaffirm the Group’s commitment to maintaining exceptional performance standards.

Reference is made to the prospectus of the Company dated 28 July 2023, the Board of the Company proposed to conduct the Rights Issue on the basis of one Rights Share for every two 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. The Board believes such fund-raising activities will help the Company to meet its repayment obligations and improve the cash-flow for its business operations since the liabilities of the Group has continued to pose uncertainties relating to going concern basis of the Group.

Overall, the Board considered that the Company has a viable and sustainable business with a sufficient level of operations and assets to support its operations to meet requirement of the GEM Listing Rules.

## **FINANCIAL REVIEW**

### **Revenue**

Our total revenue decreased by approximately HK\$0.6 million or 8.73% from approximately HK\$7.6 million for the three months ended 30 June 2022 to approximately HK\$7.0 million for the three months ended 30 June 2023.

### **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 increased by approximately HK\$1.2 million or 28.97% from approximately HK\$4.3 million for the three months ended 30 June 2022 to approximately HK\$5.5 million for the three months ended 30 June 2023. Increase in cost of services was due to the additional consumption of consumables and subcontractor costs during the reporting period.

### **Gross profit and gross profit margin**

Our gross profit decreased by approximately HK\$1.9 million or 57.35% from approximately HK\$3.3 million for the three months ended 30 June 2022 to approximately HK\$1.4 million for the three months ended 30 June 2023. Such fluctuation was primarily attributable to the reclassification of certain expenses between cost of sales and administration expenses.

Our gross profit margin reduced from approximately 43.67% for the three months ended 30 June 2022 to approximately 20.41% for the three months ended 30 June 2023. Reduction is due to increase in subcontract and consumable costs for the current projects.

## **Other income**

Our other income of HK\$1.9 million for the three months ended 30 June 2023 is related to the refunds from the Group's insurance policy.

## **Administrative expenses**

Our administrative expenses decreased by approximately HK\$2.24 million or 55.22% from approximately HK\$4.1 million for the three months ended 30 June 2022 to approximately HK\$1.8 million for the three months ended 30 June 2023.

## **Finance costs**

Our finance costs decreased by approximately HK\$0.03 million or 40.70% from approximately HK\$0.08 million for the three months ended 30 June 2022 to approximately HK\$0.05 million for the three months ended 30 June 2023.

## **Income tax expenses**

For the three months ended 30 June 2023 and 30 June 2022, no income tax expenses were provided for.

## **Net profit/(loss)**

The Group recorded a net profit of approximately HK\$1.54 million for the three months ended 30 June 2023 as compared to a net loss of approximately HK\$0.82 million for the three months ended 30 June 2022. The net profit attributable to owners of the Company was approximately HK\$1.47 million for the reporting period as compared with the net loss attributable to owners of the Company of approximately HK\$0.82 million for the corresponding period in 2022.

## **CONTINGENT LIABILITIES**

As at 30 June 2023 and 2022, 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 2023 and 2022.

## **FOREIGN CURRENCY EXPOSURE**

Since the Company's business activities are mainly operated in Hong Kong and mainland China, and the relevant transactions are denominated in Hong Kong dollars and Renminbi, 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 2023 which would materially affect the Group's operating and financial performance except for (a) memorandum of understanding signed between the Company and vendor regarding a potential acquisition by the Company. Please refer to the announcement dated 10 July 2023 for further information; (b) change of address of principle place of business in Hong Kong and please refer to the announcement dated 13 July 2023 for further information; and (c) the Company proposed to conduct the Rights Issue on the basis of one Rights Share for every two 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. Please refer to the prospectus of the Company dated 28 July 2023 for further information.

## **DISCLOSURE OF INTERESTS**

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

As at 30 June 2023, none of the Directors nor chief executive of the Company has any 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 Divisions 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 2023, the following persons/entities had or deemed to taken 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 Limited	Beneficial owner ( <i>Note 1</i> )	61,779,000	Long position	31.63%
Mr. Nam Ho Kwan	Interest in controlled corporation ( <i>Note 1</i> )	61,779,000	Long position	31.63%
Prudential Brokerage Limited	Person having security interest in shares ( <i>Note 1</i> )	61,779,000	Long position	31.63%
Ms. Chen Mingxia	Beneficial owner	24,375,000	Long position	12.48%
Zhuiri Law and Business International Holding Group Limited	Beneficial owner ( <i>Note 2</i> )	15,600,000	Long position	7.99%
Ms. Li Dongyan	Interest in controlled corporation ( <i>Note 2</i> )	15,600,000	Long position	7.99%
Mr. Sung Chenglei	Beneficial owner	10,400,000	Long position	5.32%

*Notes:*

As at 30 June 2023:

1. 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. Therefore, Mr. Nam is deemed to be interested in all Shares held by Harmony Asia International Limited by virtue of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).
2. Zhuiri Law and Business International Holding Group Limited (“**Zhuiri Law**”) is wholly owned by Ms. Li Dongyan. By virtue of the SFO, Ms. Li Dongyan is deemed to be interested in 7.99% of the issued share capital of the Company held by Zhuiri Law.

Save as disclosed above, as at 30 June 2023, 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**

The share option scheme was adopted by the Company on 12 May 2017 in which 130,000,000 of share options were granted on 27 April 2022. The total number of share options that may be further granted under the Share Option Scheme as at the date of this announcement is 6,000,000 Shares (after share consolidation on 1 February 2023), representing 3.07% of the issued share capital of the Company.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Apart from the Share Option Scheme, at no time during the three months ended 30 June 2023 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.

## **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 2023.

## **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. Overall, the Company has complied 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 2023.

## **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 D.3.3 and D.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.

As of the date of this announcement, the Audit Committee is chaired by our independent non-executive Director, Ms. Yuen Wai Man, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules and consists of three other independent non-executive Directors, namely Mr. Ma Meng, Mr. Li Ruyi and Mr. Cheung Hiu Fung.

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 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**  
**Shu Zhongwen**  
*Chief Executive Officer and Executive Director*

Hong Kong, 14 August 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 will remain on the “Latest Listed Company Information” page of the Stock Exchange at [www.hkexnews.hk](http://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 <https://www.irasia.com/listco/hk/haobai/>.*