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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)

PROFIT WARNING

This announcement is made by Hao Bai International (Cayman) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the latest available financial information, the Group is expected to record a net loss of not less than HK\$20 million for the year ended 31 March 2020 (the “**Reporting Period**”) as compared to a net profit of approximately HK\$3.0 million for the year ended 31 March 2019. Such loss was mainly attributable to substantial drop of revenue recorded by the Group in respect of the Reporting Period during which Hong Kong has been undergoing a historic economic downturn spawned by months of the large-scale protests, violent demonstrations and outbreak of coronavirus pandemic. Affected by the extremely weak business sentiment in both Hong Kong and Macau, new construction or property development projects in the market decrease drastically leading to very keen competition that the Group has ever encountered in tendering for new projects for its water circulation systems. For those ongoing projects undertaken by the Group, the progress has been sluggish, or even suspended during coronavirus pandemic.

Based on the latest available financial information, the magnitude in decrease in revenue in respect of the three months ended 31 March 2020 became larger. As disclosed in the third quarterly results announcement of the Company dated 10 February 2020 for the nine months ended 31 December 2019, the decrease in revenue in respect of the three months ended 31 December 2019 when compared to corresponding three months in 2018 was approximately 79.1% (for the three months ended 31 December 2019: HK\$7.4 million vs for the three months ended 31 December 2018: HK\$35.3 million). According to the latest available financial information, the decrease in revenue in respect of the three months ended 31 March 2020 when compared to corresponding three months in 2019 is expected to be approximately 81.8% (for the three months ended 31 March 2020: HK\$6.7 million vs for the three months ended 31 March 2019: HK\$36.5 million).

Amid the escalating social unrest in Hong Kong since the second half of FY2019/2020, the financial performance of the Group has been further impacted in the fourth quarter during the Reporting Period when outbreak of coronavirus pandemic further devastates Hong Kong's economy. The aforesaid expected net loss for the Reporting Period was also mainly due to the sharp slide in gross profit margin since most of the work performed under variation orders during the Reporting Period carried gross profit margins which are substantially lower than that in corresponding period in FY2018/2019. Further, based on the latest assessment on the accounting treatment regarding the arbitration awards involving projects located at Kennedy Town and Sham Shui Po, Hong Kong, contract assets in total sum of approximately HK\$6.2 million have to be written off and/or recognised as impairment loss allowance to the financial statements of the Company for the Reporting Period which further attribute to the expected net loss in respect of the Reporting Period.

The Group is still in the process of finalising its results for the Reporting Period. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Reporting Period which are currently available, and is not based on any information or figures which have been audited or reviewed by the Company's auditors or the audit committee of the Board. Shareholders and potential investors are advised to peruse with care the annual results announcement of the Company for the Reporting Period, which is expected to be released in June 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 3 June 2020

As at the date of this announcement, the executive Directors are Mr. Nam Ho Kwan, Mr. Ng Wan Lok, Ms. Wong Wing Hung and Ms. Wang Rui and the independent non-executive Directors are Mr. Lau Wai Hung, Mr. Chen Lei and Mr. Tsang Yung Fat.

This announcement, for which the directors of the Company (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 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.