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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 approximately HK\$7.6 million for the three months ended 30 June 2020 (the “**Reporting Period**”) as compared to a net profit of approximately HK\$1.2 million for the three months ended 30 June 2019. Such loss was mainly attributable to the 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 spawned mainly by the 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. Based on the latest available financial information, the total revenue of the Group decreased by approximately HK\$41.6 million or 83.3% from approximately HK\$50.0 million for the three months ended 30 June 2019 to approximately HK\$8.4 million for the Reporting Period. The aforesaid expected net loss for the Reporting Period was also mainly due to the expected recognition of legal costs of approximately HK\$5.3 million incurred in connection with the arbitration award involving the project located at Kennedy Town. Based on the legal advice obtained by the Company, the arbitration awards involving projects located at Kennedy Town and Sham Shui Po are final and conclusive and it is expected that no further costs or impairment loss allowances will be recognised or written off to the financial statements of the Company. If the aforesaid one-off legal cost was excluded, the administrative expenses of the Group in respect of the Reporting Period is expected to decrease by approximately HK\$1.1 million or 25.0% from approximately HK\$4.4 million for the three months ended 30 June 2019 to approximately HK\$3.3 million for the Reporting Period. It signified the efforts made by the Group in controlling the costs incurred in its ordinary business operation.

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 quarterly results announcement of the Company for the Reporting Period, which is expected to be released in August 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, 24 July 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. Chen Lei, Mr. Tsang Yung Fat and Dr. Lam King Sun Frankie.

*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.