



Interim Report 2021

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)



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This report, 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 report 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 report misleading.

INTERIM RESULTS

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 September 2021

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	3,651	8,849	5,396	17,211
Cost of services		(1,259)	(7,814)	(2,583)	(15,245)
Gross profit		2,392	1,035	2,813	1,966
Other income		52	757	76	1,467
Administrative expenses		(1,982)	(3,431)	(5,984)	(12,016)
Finance costs		(106)	(746)	(333)	(1,429)
Profit/(loss) before income tax	4	356	(2,385)	(3,428)	(10,012)
Income tax expenses	5	-	-	-	-
Profit/(loss) and total comprehensive expenses for the period		356	(2,385)	(3,428)	(10,012)
Profit/(loss) per share, basic and diluted (HK cents)	7	0.02	(0.18)	(0.26)	(0.77)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		142	271
Right-of-use asset		516	131
Payment for a life insurance policy		2,640	2,640
		<u>3,298</u>	<u>3,042</u>
CURRENT ASSETS			
Contract assets	8	79,639	85,354
Trade and other debtors, deposits and prepayments	9	17,228	11,103
Pledged and restricted bank deposits		4,260	17,665
Bank balances and cash		105	438
		<u>101,232</u>	<u>114,560</u>
CURRENT LIABILITIES			
Contract liabilities	8	3,138	3,138
Trade and other creditors and accrued expenses	10	38,605	30,193
Bank borrowings – due within one year	11	10,718	26,267
Lease liabilities		445	133
Income tax payable		–	–
Bank overdrafts – secured		5,561	8,380
		<u>58,467</u>	<u>68,111</u>

		As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
	<i>NOTES</i>		
NET CURRENT ASSETS		42,765	46,449
TOTAL ASSETS LESS CURRENT LIABILITIES		46,063	49,491
NON-CURRENT LIABILITIES			
Bank borrowings – due over one year	11	1,993	1,993
NET ASSETS		44,070	47,498
CAPITAL AND RESERVES			
Share capital	12	13,000	13,000
Reserves		31,070	34,498
		44,070	47,498

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Reserves				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated (losses) profit HK\$'000	
For the six months ended 30 September 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	-	-	-	(3,428)	(3,428)
As at 30 September 2021 (unaudited)	13,000	81,096	(16,790)	(33,236)	44,070
For the six months ended 30 September 2020					
As at 1 April 2020 (audited)	13,000	81,096	(16,790)	(873)	76,433
Loss and total comprehensive expenses for the period	-	-	-	(10,012)	(10,012)
As at 30 September 2020 (unaudited)	13,000	81,096	(16,790)	(10,885)	66,421

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/from operating activities	<u>(2,465)</u>	<u>(10,005)</u>
Net cash generated from/(used in) from investing activities	<u>13,405</u>	<u>(3,921)</u>
Net cash (used in)/generated from financing activities	<u>(8,454)</u>	<u>9,494</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,486</u>	<u>(4,432)</u>
Cash and cash equivalents at the beginning of the period	<u>(7,942)</u>	<u>14,534</u>
Cash and cash equivalents at the end of the period	<u>(5,546)</u>	<u>10,102</u>
Represented by:		
Bank balances and cash	<u>105</u>	<u>21,202</u>
Bank overdraft	<u>(5,561)</u>	<u>(11,100)</u>
	<u>(5,456)</u>	<u>10,102</u>



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 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 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from management contracting services	3,651	8,849	5,396	17,211

All revenue generated by the Group during the Reporting Period was from contracts with customers within HKFRS 15, recognised over time and with fixed type of transaction price.

3. Revenue and Segment Information (Continued)

The segment information for the reportable and operating segments for the six months ended 30 September 2021 and 2020 is as follows:

For the six months ended 30 September 2021

	Management contracting services HK\$'000 (Unaudited)	Consultancy services HK\$'000 (Unaudited)	Maintenance services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue from external customers and segment revenue	5,396	-	-	5,396
Segment profit	2,813	-	-	2,813
Other income				76
Administrative expenses				(5,984)
Finance costs				(333)
Loss before income tax				(3,428)

For the six months ended 30 September 2020

	Management contracting services HK\$'000 (Unaudited)	Consultancy services HK\$'000 (Unaudited)	Maintenance services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue from external customers and segment revenue	17,211	-	-	17,211
Segment profit	1,966	-	-	1,966
Other income				1,467
Administrative expenses				(12,016)
Finance costs				(1,429)
Loss before income tax				(10,012)

3. Revenue and Segment Information (Continued)

The following table provides an analysis of the Group's revenue based on geographical location where installation works or other services are provided:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	3,650	6,492	5,164	12,482
Macau	1	2,357	232	4,729
	3,651	8,849	5,396	17,211

Information about major customers

Revenue from customers of the corresponding period in respect of construction contracts from management contracting services segment individually contributed 10% or more of total revenue of the Group are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A and it's affiliated companies	395	1,753	949	4,321
Customer B	2*	2,300	234*	4,290
Customer C	462	2,832	820	3,769
Customer D	27*	N/A	1,068	N/A
Customer E	638	N/A	638	N/A
Customer F	562	N/A	562	N/A

* Revenue from customer is less than 10% of the total revenue of the Group for the relevant periods.

4. Loss before Income Tax

This is stated after charging:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Staff costs and related expenses (including directors' remuneration)				
Directors' emoluments (<i>Note (a)</i>)	758	864	1,491	1,728
Salaries, allowances and other benefits	1,202	2,319	2,545	4,888
Discretionary Bonus	8	15	11	26
Contributions to defined contribution plans	22	96	40	211
	<u>1,990</u>	<u>3,294</u>	<u>4,087</u>	<u>6,853</u>
Total staff costs				
Less: Amount included in cost of services	(433)	(1,651)	(749)	(3,502)
	<u>1,557</u>	<u>1,643</u>	<u>3,338</u>	<u>3,351</u>
Other items				
Auditor's remuneration	–	120	120	240
Contract costs relating to management contracting services recognised as expenses (<i>Note (b)</i>)	1,259	7,814	2,583	15,245
Depreciation of				
– Property, plant and equipment	35	44	68	98
– Right-of-use asset	65	61	192	552
Operating lease payment on premises	–	421	–	461
	<u>–</u>	<u>421</u>	<u>–</u>	<u>461</u>

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 31 March 2022.
- (b) Contract costs included approximately HK\$600,900 (for the six months ended 30 September 2020: approximately HK\$8,166,000) and approximately HK\$724,900 (for the six months ended 30 September 2020: approximately HK\$3,502,000) relating to the consumables and staff cost respectively for the six months ended 30 September 2021 which are also included in the amounts disclosed separately above.

5. Income Tax

	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax				
Current period	-	-	-	-

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 six months ended 30 September 2021.

Pursuant to a tax incentive approved under Section 20 of Decree Law No. 11/2016, Macau Complementary Tax is levied at a fixed rate of 12% (for the six months ended 30 September 2020: 12%) on the taxable income above Macau Pataca ("MOP") 600,000.

6. Dividends

The directors of the Company did not declare or propose any dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: 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:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(Loss) for the period attributable to the owners of the Company, used in basic and diluted profit/loss per share calculation	356	(2,385)	(3,428)	(10,012)
	Number of shares '000		Number of shares '000	
Weighted average number of ordinary shares for basic and diluted profit/loss per share calculation	1,300,000	1,300,000	1,300,000	1,300,000

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 six months ended 30 September 2021 and 2020.

8. Contract Assets/(Liabilities)

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Contracts in progress at the end of the Reporting Period:		
Contract costs incurred	500,392	444,884
Recognised profits less recognised losses	190,718	159,109
Less: Progress billings	(634,178)	(529,280)
	56,932	74,713
Retention receivables	19,569	19,569
	76,501	94,282
Less: Written-off of contract assets (Note i)	-	(6,619)
Loss allowance of contract asset (Note ii)	-	(5,447)
	76,501	82,216
Represented by:		
Contract assets	79,639	85,354
Contract liabilities	(3,138)	(3,138)
	76,501	82,216

Notes:

- (i) At 31 March 2021, the written-off of approximately HK\$6,619,000 represented the contract assets (including retention receivables) on certain projects that the Group has completed the works under the construction contracts for at least four years. Therefore, the Group has no reasonable expectations of recovering the contractual cash flows and no realistic prospect of recovery.
- (ii) At 31 March 2021, following the assessment of individual balances based on the Group's historical default rates and the individual characteristics of each customer including but not limited to the aging profile and financial position together with other forward looking factors, the Group has provided a loss allowance of approximately HK\$5,447,000 on contract assets. At 30 September 2021, the contract assets that are expected to be recovered after more than 12 months are approximately HK\$13,784,000 (31 March 2021: approximately HK\$12,289,000), which represented the retention receivables. The remaining contract assets and liabilities are expected to be recovered within 12 months.

9. Trade and Other Debtors, Deposits and Prepayments

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade debtors (<i>Note a</i>)	14,089	10,502
Pledged deposits to an insurance company (<i>Note b</i>)	158	158
Other debtors, deposits and prepayments	2,981	443
	17,228	11,103

Notes:

- a. Trade debtors mainly arise from management contracting business. The Group's credit terms for its management contracting business are negotiated at terms determined and agreed with its trade customers. The credit periods are ranging from 30 to 60 days. The ageing analysis of trade debtors based on invoice date at the end of the Reporting Period is as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	5,684	1,343
31 to 60 days	686	–
Over 60 days	7,719	9,159
	14,089	10,502

The Group maintains a defined credit policy to assess the credit quality of the trade customers. The collection is closely monitored to minimise any credit risk associated with these trade debtors.

- b. Pledged deposits of HK\$158,000 (31 March 2021: HK\$158,000) to an insurance company is the security for issuance of performance bonds in respect of construction contracts with prevailing market rates at 0.2% (31 March 2021: 0.2%) per annum.

10. Trade and Other Creditors and Accrued Expenses

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade creditors (Note a)	12,446	12,886
Salary payables	3,028	3,356
Other creditors and accrued expenses	3,199	1,114
Amount due to a director (Note b)	19,932	12,837
	38,605	30,193

Notes:

- a. The credit period on trade creditors is 30–90 days. The ageing analysis of trade creditors presented based on the invoice date at the end of the Reporting Period is as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	5	196
31 to 60 days	29	278
61 to 90 days	–	–
91 to 365 days	1,096	1,077
Over 365 days	11,316	11,335
	12,446	12,886

- b. The amount due is unsecured, interest-free and repayable on demand.

11. Bank Borrowings

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Bank borrowings, secured	8,154	23,260
Bank borrowings, unsecured	5,000	5,000
	13,154	28,260

The bank borrowings are repayable as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
On demand or within one year	10,718	26,267
More than five years	1,993	1,993
	12,711	28,260
Less: Amount due within one year shown under current liabilities	(10,718)	(26,267)
Amount due after one year shown under non-current liabilities	1,993	1,993

11. Bank Borrowings (Continued)

Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within one year	4,616	15,749
Within a period of more than one year but not exceeding two years	2,895	7,644
Within a period of more than two years but not exceeding five years	1,956	2,874
Over five years	3,245	1,993
	12,711	28,260

Except for bank borrowings of approximately HK\$1,993,000 (31 March 2021: approximately HK\$1,993,000) which are denominated in US\$, all the remaining bank borrowings are denominated in HK\$. The bank borrowings carry floating interest rates ranging from 2.75% to 5.75% (2020: 2.75% to 5.75%) per annum based on prime rate or London Interbank Offered Rate ("LIBOR") plus a spread.

At 30 September 2021, bank borrowing amounting to approximately HK\$10,718,000 (31 March 2021: approximately HK\$26,267,000) is secured by pledged bank deposit of approximately HK\$4,033,000 (31 March 2021: approximately HK\$17,437,000) and guaranteed by the Company for HK\$55,000,000 (31 March 2021: HK\$55,000,000).

At 30 September 2021, bank borrowing amounting to HK\$1,993,000 (31 March 2021: HK\$1,993,000) is secured by payment for a life insurance policy.

12. Share Capital

	<i>Number of shares</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 30 September 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2020, 31 March 2021 and 30 September 2021	1,300,000,000	13,000

13. Performance Bonds

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Indemnities issued to banks and an insurance company for performance bonds in respect of contracts for management contracting services	691	691

Certain customers require the Group to procure performance bonds to be provided by a bank or an insurance company in favour of them as security for due performance and observance of the obligations under the contracts. In procuring such performance bonds, the Group is usually required to place a required amount of deposit to such bank or insurance company. If the Group fails to provide satisfactory services to the customers, the customers are entitled to seek compensation from the bank or insurance company for the amount of financial losses incurred not exceeding the amount of the performance bond. The Group will then become liable to compensate the bank or insurance company accordingly. During the six months ended 30 September 2021 and 2020, no customers called any performance bond. Typically, the estimated consideration is not constrained for revenue recognition.

14. Pledge of Assets

The following assets were pledged to secure certain banking facilities and performance bonds issued by an insurance company granted to the Group at the end of the Reporting Period:

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Pledged and restricted bank deposits	4,260	17,665
Pledged deposits to an insurance company	158	158
Payment for a life insurance policy	2,640	2,640
	7,058	20,463

15. Related Parties Transactions

In addition to the transactions/information disclosed elsewhere in the unaudited condensed consolidated financial information, the Group had the following transactions with related parties:

Key management personnel remuneration

	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	654	715	1,284	1,431
Directors' fees	90	135	180	270
Discretionary bonus	-	-	-	-
Contributions to defined contribution plans	14	14	27	27
	758	864	1,491	1,728

16. Fair Value Measurements

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the unaudited condensed consolidated financial information on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets and liabilities measured at fair value

	Level 3	
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Assets measured at fair value		
Financial assets at FVPL		
– Payment for a life insurance policy	2,640	2,640

During the six months ended 30 September 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. No unrealised gain or loss recognised in profit or loss.

The fair value of the payment for life insurance policy is determined by reference to the surrender cash value reported by the financial institution on a regular basis.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and liabilities are carried at amounts not materially different from their fair values as at 30 September 2021 and 31 March 2021.



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.

During the Reporting Period, the Group's net loss decreased from approximately HK\$10 million for the six months ended 30 September 2020 to approximately HK\$3.4 million for the six months ended 30 September 2021. 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 very rare.

The COVID-19 outbreak had a material impact on the Group's operations and financial position for the six months ended 30 September 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 closely monitored its strategy and operations to ensure effective business continuity and evolution in this new rhythm of business.

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 continued to implement our cost reduction programs to minimize cashflows and general expenses while taking considerable efforts to control capital expenditures. Reducing general administration and remuneration expenses remain 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 six 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.

In addition, management will closely observe the latest trends in pandemic, competitors' approach and travel arrangements by respective countries and authorities. Management strongly believes that its current plans and strategies will help the Group to leverage our reputation and network in order to improve our financial positions for our shareholders and stakeholders.

Financial Review


Revenue

Our total revenue decreased by approximately HK\$11.8 million or 68.6% from approximately HK\$17.2 million for the six months ended 30 September 2020 to approximately HK\$5.4 million for the six months ended 30 September 2021.

The sizable decrease in our revenue was recorded by the Group for the six months ended 30 September 2021 during which Hong Kong continued to undergo an unprecedented economic downturn affected by the outbreak of coronavirus pandemic. Due to the weak business environment, the Group has continued to face its most challenging time in winning new construction and property development projects for water circulation systems.

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\$12.7 million or 83% from approximately HK\$15.2 million for the six months ended 30 September 2020 to approximately HK\$2.6 million for the six months ended 30 September 2021. Such decrease was primarily driven by the decrease in cost of consumables of approximately HK\$3.6 million and the decrease in sub-contracting fees of approximately HK\$0.7 million, which were mainly due to the decrease in revenue as discussed above and as a result, less amount of parts and components were procured for the projects and less labour were required to execute the project work.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$0.8 million or 43.0% from approximately HK\$2.0 million for the six months ended 30 September 2020 to approximately HK\$2.8 million for the six months ended 30 September 2021. Such increase was primarily attributable to the significant reduction in cost of services.

Our gross profit margin increased from approximately 11.4% for the six months ended 30 September 2020 to approximately 52.1% for the six months ended 30 September 2021. The increase was mainly due to significant reduction in labour costs and fewer employees being employed for the six months ended 30 September 2021.

Other income

Our other income decreased from approximately HK\$1.5 million for the six months ended 30 September 2020 to approximately HK\$0.1 million for the six months ended 30 September 2021.

Administrative expenses

Our administrative expenses decreased by approximately HK\$6.0 million or 50.2% from approximately HK\$12.0 million for the six months ended 30 September 2020 to approximately HK\$6.0 million for the six months ended 30 September 2021.

Finance costs

Our finance costs decreased by approximately HK\$1.1 million or 76.7% from approximately HK\$1.4 million for the six months ended 30 September 2020 to approximately HK\$0.3 million for the six months ended 30 September 2021, primarily due to the decrease in the average level of bank borrowings during the Reporting Period.



Income tax expenses

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

Net loss

As a result of the foregoing, our net loss decreased from approximately HK\$10.0 million for the six months ended 30 September 2020 to approximately HK\$3.4 million for the six months ended 30 September 2021.

Dividends

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

Events after the Reporting Period


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

Liquidity, financial resources and funding

As at 30 September 2021, the Group had total assets of approximately HK\$104.5 million (31 March 2021: approximately HK\$117.6 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$60.5 million (31 March 2021: approximately HK\$70.1 million) and approximately HK\$44.1 million (31 March 2021: approximately HK\$47.5 million), respectively.

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 30 September 2021 were approximately HK\$18.2 million (31 March 2021: approximately HK\$36.6 million), and current ratio as at 30 September 2021 was approximately 1.7 times (31 March 2021: approximately 1.7 times).

The Group's borrowings and bank balances are mainly denominated in Hong Kong dollars and there was no significant exposure to foreign exchange rate fluctuations during the Reporting Period.



The Group's gearing ratio, which is calculated by total borrowings and bank overdrafts divided by total equity, reduced from approximately 77.1% as at 31 March 2021 to approximately 41.5% as at 30 September 2021, primarily due to the decrease in the level of bank borrowings and the decrease in the total equity. The decrease in the level of bank borrowings was primarily due to repayment in bank loan during the Reporting Period. The decrease in the total equity was due to the net loss during the Reporting Period.

Capital structure

The shares of the Company (the "Shares") were successfully listed on GEM of the Stock Exchange on 26 May 2017 (the "Listing"). Immediately upon the Listing, the total issued share capital of the Company was HK\$13,000,000 divided into 1,300,000,000 Shares of par value of HK\$0.01 each. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 30 September 2021, the Company's issued share capital was HK\$13,000,000 (31 March 2021: HK\$13,000,000) divided into 1,300,000,000 ordinary Shares of par value of HK\$0.01 each (31 March 2021: 1,300,000,000 of HK\$0.01 each).

Capital commitments

As at 30 September 2021 and 31 March 2021, the Group did not have any capital commitments contracted but not provided for.

Segmental information

Segmental information is presented for the Group as disclosed on note 3 of the notes to the unaudited condensed consolidated financial information.

Future plans for material investments and capital assets

As at 30 September 2021, the Group did not have any plans for material investments and capital assets.



Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 September 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Contingent liabilities

Save as disclosed in note 13 of the notes to the unaudited condensed consolidated financial information, as at 30 September 2021 and 31 March 2021, the Group did not have other material contingent liabilities.

Foreign currency exposure

The Group's revenue generating operations are mainly transacted in HK\$ and MOP. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

Pledge of assets

Save as disclosed in note 14 of notes to the unaudited condensed consolidated financial information, as at 30 September 2021 and 31 March 2021, the Group did not have other pledge of assets.

Employees and remuneration policies

As at 30 September 2021, the Group employed a total of 10 employees (31 March 2021: 25 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$4.1 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: approximately HK\$6.9 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual contribution.

DISCLOSURE OF INTERESTS

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

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in 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 Interests	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 September 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 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 September 2021, 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 Interests	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 September 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 six months ended 30 September 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 six months ended 30 September 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 September 2021, the Group had fully utilised the net proceeds from the Listing.

As at 30 September 2021, the net proceeds had been utilised as follows:

	Amount utilised up to 18 September 2020	Unutilised net proceeds as at 18 September 2020	Revised allocation of net proceeds as at 18 September 2020	Amount utilised from 19 September 2020 to 31 December 2020	Unutilised net proceeds as at 30 September 2021
Actual net proceeds	18 September 2020	18 September 2020	18 September 2020	31 December 2020	30 September 2021
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
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>-</u>



PRINCIPAL RISK AND UNCERTAINTIES

Other than the potential impact of the coronavirus pandemic on the local and global economy and the operation and financial performance of the Group as mentioned under the paragraph headed “Management Discussion and Analysis – Business Review and Outlook” above, the management considers that the following are the principal risks and uncertainties faced by the Group:

- (a) The Group’s business is project-based. The Group mainly derive revenue from projects which are non-current in nature. Fee collection and profit margin significantly depend on various factors of each project such as the terms of contracts, duration of project, variation orders, efficiency of implementation of contract work and the general market condition. In general, variation orders usually carry higher profit margin as compared with the works under original contracts. Therefore, revenue generated from the Group’s business is irregular and is subject to the availability of projects, variation orders and other factors beyond the Group’s control;
- (b) The number and size of the projects the Group can undertake depends on the Group’s human and other resources. Due to the size of the Group, a mega-sized project will occupy a substantial part of the Group’s resources and inevitably resulted in the Group not being able to deploy resources to other projects and as a result the Group have to rely on a single project or otherwise a small number of projects during the project period. Any decrease in the number of sizable projects in terms of revenue recognised may affect the Group’s operations and financial results;
- (c) For the Group’s management contracting business, the Group normally receives progress payments from the customers with reference to the percentage of completion of the contract works done by the Group during the relevant month in accordance with the rates and prices based on the agreed tender price. Any failure by the customers to make any payment on time or in full may have a material adverse effect on the Group’s liquidity position. Any failure by the customers to eventually pay the amount to the Group may have a material adverse effect on the Group’s financial position and operating results; and
- (d) Most of the Group’s contracts are awarded to the Group through tendering process. The Group has to determine the tender price and service fee of each project based on the information available to the Group at the time of submitting the tender. The tender price is determined by factors including the scope of works, the estimated duration of the project period, the total time cost and estimated cost involved. The Group determines the price of all the projects at fixed costs based on an agreed scope of works and the estimation of time cost and estimated cost involved. Error or inaccurate estimation of project duration and costs when determining the tender price or increase in construction costs may adversely affect the Group’s profitability or result in substantial loss.



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 six months ended 30 September 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.

CHANGES IN DIRECTORS' INFORMATION

The change in director's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the publication of the 2020/21 Annual Report of the Company, is set out below:

Dr. Lam King Sun Frankie ("Dr. Lam") resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee; a member of the Audit Committee and Nomination Committee of the Company with effect from 23 August 2021. This results in non-compliance with the requirements under Rules 5.05(1), 5.05(2), 5.28, 5.33 and 5.34 of the GEM Listing Rules, paragraphs 2 and 3 of the Terms of Reference of the Audit Committee, paragraphs 2 and 3 of the Terms of Reference of the Remuneration Committee and paragraph 2 of the Terms of Reference of the Nomination Committee.

Mr. Ng Kam Tsun ("Mr. Ng") was appointed as an independent non-executive Director and served as the chairman of the Audit Committee, chairman of the Remuneration Committee and a member of the Nomination Committee of the Company with effect from 30 September 2021. Following Mr. Ng's appointment, this results in non-compliance with the requirements under Rules 5.05(1), 5.06, 5.28 and 5.33 of the GEM Listing Rules, paragraph 2 of the Terms of Reference of the Audit Committee and paragraph 2 of the Terms of Reference of the Remuneration Committee.



Mr. Chen Lei (“Mr. Chen”) resigned as an independent non-executive Director and ceased to be a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 8 October 2021. This results in non-compliance with the requirements under Rules 5.05(1), 5.06, 5.28, 5.33 and 5.34 of the GEM Listing Rules, paragraph 2 of the Terms of Reference of the Audit Committee, paragraph 2 of the Terms of Reference of the Remuneration Committee and paragraph 2 of the Terms of Reference of the Nomination Committee.

Mr. Wang Xinliang (“Mr. Wang”) was appointed as an executive Director of the Company with effect from 3 January 2022.

Mr. Wong Terence Kwong Lung (“Mr. Wong”) was appointed as an executive Director of the Company with effect from 3 January 2022.


Mr. Ma Meng (“Mr. Ma”) was appointed as an independent non-executive Director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 3 January 2022. This results in non-compliance with the requirements under Rules 5.05(1), 5.06, 5.28 and 5.33 of the GEM Listing Rules, paragraph 2 of the Terms of Reference of the Audit Committee and paragraphs 2 and 3 of the Terms of Reference of the Remuneration Committee.

Mr. Li Ruyi (“Mr. Li”) was appointed as an independent non-executive Director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 7 January 2022.

Following the appointment of Mr. Ng, Mr. Ma and Mr. Li, the Company has fulfilled the requirements under the Rules 5.05(1), 5.05(2), 5.05(A), 5.06, 5.28, 5.33 and 5.34 of the GEM Listing Rules.

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.

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 six months ended 30 September 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. Ma Meng and Mr. Li Ruyi. Mr. Ng Kam Tsun serves as the chairman of the Audit Committee.

The unaudited condensed consolidated results of the Group for the six months ended 30 September 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.



OUTLOOK

The first half of 2021 has continued to be a difficult period for the Group. Although business environments have been challenging, we believe it is a perfect time for us to build an even stronger reputation by enhancing our overall services and relationship with our customers.

Overall, I would like to take this opportunity to thank our business partners, suppliers and staff for their generous support and assistance in the past 6 months.

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 report, 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.