



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019



2022

THIRD QUARTERLY REPORT

## 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

*This report, for which the directors (the “Directors”) of Hao Wen Holdings 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. 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.*

## HIGHLIGHTS

- Turnover of the Group for the nine months ended 30 September 2022 (the “Period”) was approximately RMB46,382,000, representing a decrease of approximately 8.4% as compared with that of the corresponding period in 2021.
- Loss attributable to owners of the Company for the nine months ended 30 September 2022 was approximately RMB3,357,000.
- Loss per share was approximately RMB1.121 cents.
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2022.

## UNAUDITED FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months and three months ended 30 September 2022, together with the comparative unaudited figures for the corresponding periods in last financial year, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>Turnover</b>	3	<b>46,382</b>	50,640	<b>16,512</b>	16,080
Cost of sales		(17,213)	(22,514)	(5,974)	(7,487)
<b>Gross profit</b>		<b>29,169</b>	28,126	<b>10,538</b>	8,593
Other gains and losses	5	(5,909)	1,545	2,511	4,778
General and administrative expenses		(22,718)	(26,046)	(9,879)	(11,709)
<b>Profit from operations</b>		<b>542</b>	3,625	<b>3,170</b>	1,662
Share of results of associates		98	12	17	4
Finance costs	6(a)	(3,856)	(3,945)	(1,280)	(1,313)
<b>(Loss)/profit before taxation</b>	6	<b>(3,216)</b>	(308)	<b>1,907</b>	353
Income tax expenses	7	(141)	(398)	(67)	–
<b>(Loss)/profit for the period</b>		<b>(3,357)</b>	(706)	<b>1,840</b>	353
<b>Other comprehensive income/(loss) for the period, net of income tax</b>					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		42,757	(4,920)	28,402	(719)
<b>Total comprehensive income/(loss) for the period</b>		<b>39,400</b>	(5,626)	<b>30,242</b>	(366)

	For the nine months ended 30 September		For the three months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>(Loss)/profit for the period attributable to:</b>				
Owners of the Company	(3,357)	(638)	1,840	376
Non-controlling interests	–	(68)	–	(23)
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Owners of the Company	39,400	(5,558)	30,242	(343)
Non-controlling interests	–	(68)	–	(23)
<b>(Loss)/earnings per share</b>				
– Basic and diluted (RMB cents)	8	(1.121)	0.522	0.146

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 1 August 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands, and its shares have been listed on the GEM of the Stock Exchange with effect from 20 July 2001. The address of its 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 is Level 12, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong.

The Group is primarily engaged in the money lending, processing and trading of electronic parts and the provision of beauty treatment services business.

The functional currencies of the Company and its major subsidiaries are Hong Kong dollars and Renminbi ("RMB"). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency.

### 2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS"). The unaudited condensed consolidated financial statements also comply with the applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial information should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021 except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which are effective for the accounting periods beginning on or after 1 January 2022 and relevant to its operations. The adoption of the new IFRSs has no material impact on the Group's results and financial position for current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current period, which has no material impact on the Group.

### 3. TURNOVER

Revenue represents (i) the sales value of goods supplied to customers, which net of value added tax and is stated after deduction of any goods returns and trade discounts, (ii) interest income earned from the money lending business, (iii) provision of beauty treatment services and (iv) sales of burial plots.

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Interest income earned from the money lending business	23,846	22,538	8,999	7,834
Processing and trading of electronic parts	14,541	19,527	4,104	8,246
Provision of beauty treatment services	7,995	–	3,409	–
Sales of burial plots	–	8,575	–	–
	<b>46,382</b>	50,640	<b>16,512</b>	16,080

## 4. SEGMENT REPORTING

## Segment revenues and results

	(Unaudited)									
	For the nine months ended 30 September									
	Money lending		Electronic parts		Beauty business		Burial business		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Turnover</b>										
External sales	23,846	22,538	14,541	19,527	7,995	-	-	8,575	46,382	50,640
<b>Result</b>										
Segment results	4,812	8,331	1,792	1,770	1,802	-	-	1,444	8,406	11,545
Unallocated corporate expenses									(1,899)	(9,365)
Gain/(loss) on fair value of financial assets at fair value through profit or loss									(5,965)	1,395
Gain on disposal of financial assets at fair value through profit or loss									-	50
Profit from operations									542	3,625
Share of results of associates									98	12
Finance costs									(3,856)	(3,945)
Loss before taxation									(3,216)	(308)
Income tax expenses									(141)	(398)
Loss for the period									(3,357)	(706)

	(Unaudited)									
	For the three months ended 30 September									
	Money lending		Electronic parts		Beauty business		Burial business		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Turnover</b>										
External sales	8,999	7,834	4,104	8,246	3,409	–	–	–	16,512	16,080
<b>Result</b>										
Segment results	27	1,747	4	759	822	–	–	152	853	2,658
Unallocated corporate expenses									(145)	(5,758)
Gain on fair value of financial assets at fair value through profit or loss									2,462	4,762
Profit from operations									3,170	1,662
Share of results of associates									17	4
Finance costs									(1,280)	(1,313)
Profit before taxation									1,907	353
Income tax expenses									(67)	–
Profit for the period									1,840	353

## 5. OTHER GAINS AND LOSSES

	(Unaudited)		(Unaudited)	
	For the nine months ended 30 September		For the three months ended 30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Gain/(loss) on fair value of financial assets at fair value through profit or loss	(5,965)	1,395	2,462	4,762
Gain on disposal of financial assets at fair value through profit or loss	–	50	–	–
Sundry income	56	100	49	16
	(5,909)	1,545	2,511	4,778

**6. (LOSS)/PROFIT BEFORE TAXATION**

(Loss)/profit before taxation is arrived at after charging:

	<b>(Unaudited)</b> <b>For the nine months ended</b> <b>30 September</b>		<b>(Unaudited)</b> <b>For the three months ended</b> <b>30 September</b>	
	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>(a) Finance costs</b>				
Interest on unsecured bonds	<b>3,856</b>	3,945	<b>1,280</b>	1,313
<b>(b) Staff costs (including directors' remuneration)</b>				
– Contributions to defined contribution plans	<b>68</b>	39	<b>47</b>	15
– Salaries, wages and other benefits	<b>3,360</b>	1,485	<b>468</b>	494
Total staff costs	<b>3,428</b>	1,524	<b>515</b>	509
<b>(c) Other items</b>				
Depreciation	<b>1,184</b>	373	<b>122</b>	42
Depreciation on right-of-use assets	<b>–</b>	24	<b>–</b>	14
Auditors' remuneration	<b>394</b>	387	<b>137</b>	129
Cost of inventories sold	<b>17,213</b>	22,514	<b>5,974</b>	7,487

## 7. INCOME TAX EXPENSES

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current tax				
Hong Kong	142	–	67	–
PRC Enterprises Income Tax	–	399	–	–
	142	399	67	–
Over-provision in prior year – Hong Kong	(1)	(1)	–	–
	141	398	67	–

## (i) Hong Kong profits tax

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2021: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% in respect of the Period (2021: 16.5%). The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% in respect of the Period (2021: 16.5%).

## (ii) Income taxes outside Hong Kong

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Company and the Company’s subsidiaries registered in the BVI are not subject to any income tax in the Cayman Islands and BVI, respectively. The subsidiary of the Company established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25% in respect of the Period (2021: 25%).

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of basic earnings/(loss) per share for the three months ended 30 September 2022 was based on the profit for the period attributable to owners of the Company of approximately RMB1,840,000 (2021: RMB376,000) and on the weighted average number of ordinary shares of approximately 352,495,125 shares (2021: 257,572,058 shares).

The calculation of basic loss per share for the nine months ended 30 September 2022 was based on the loss for the period attributable to owners of the Company of approximately RMB3,357,000 (2021: RMB638,000) and on the weighted average number of ordinary shares of approximately 299,576,438 shares (2021: 257,572,058 shares).

The outstanding share options for the three months ended 30 September 2022 and 2021; and nine months ended 30 September 2022 and 2021 have an anti-dilutive effect on the basic (loss)/earnings per share.

## 9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Capital reduction reserve	Share-based compensation reserve	Financial assets at fair value through other comprehensive income reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2021	43,630	358,848	495,170	1,432	(14,065)	7,255	(568,538)	323,732	(13,385)	310,347
Loss for the period	-	-	-	-	-	-	(638)	(638)	(68)	(706)
Exchange differences on translating foreign operation	-	-	-	-	-	(4,920)	-	(4,920)	-	(4,920)
Total comprehensive income/(loss) for the nine months ended 30 September 2021	-	-	-	-	-	(4,920)	(638)	(5,558)	(68)	(5,626)
Capital reduction (Note 1)	(40,855)	-	40,855	-	-	-	-	-	-	-
At 30 September 2021	2,775	358,848	536,025	1,432	(14,065)	2,335	(569,176)	318,174	(13,453)	304,721
At 1 January 2022	2,775	358,848	536,025	1,432	(16,136)	(1,049)	(577,967)	303,928	(13,553)	290,375
Loss for the period	-	-	-	-	-	-	(3,357)	(3,357)	-	(3,357)
Exchange differences on translating foreign operation	-	-	-	-	-	42,757	-	42,757	-	42,757
Total comprehensive income/(loss) for the year	-	-	-	-	-	42,757	(3,357)	39,400	-	39,400
Recognition of equity-settled share-based payments	-	-	-	1,975	-	-	-	1,975	-	1,975
Placing of new shares	439	8,974	-	-	-	-	-	9,413	-	9,413
Issue of share upon exercise of share options	400	12,107	-	(3,391)	-	-	-	9,116	-	9,116
At 30 September 2022	3,614	379,929	536,025	16	(16,136)	41,708	(581,324)	363,832	(13,553)	350,279

## Note 1:

On 3 September 2020, the Company proposed to implement the capital reduction involving the reduction of the par value of each issued share from HK\$0.20 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.19 per issued share. An extraordinary general meeting of the Company was held on 5 October 2020 and the resolution was duly passed by poll as a special resolution. Accordingly, the capital reduction became effective on 29 January 2021. Details of the capital reduction were set out in the Company's circular dated 11 September 2020 and the Company's announcements dated 3 September 2020, 5 October 2020, 25 January 2021 and 28 January 2021.

## 10. DIVIDEND

The Directors do not recommend the payment of any dividends for the nine months ended 30 September 2022 (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the nine months ended 30 September 2022, the Group recorded an unaudited consolidated turnover of approximately RMB46,382,000 (2021: RMB50,640,000), which represented a decrease of approximately 8.4% as compared with that of the corresponding period in 2021.

The decrease of turnover was primary attributable to no revenue has been generated from the downsized burial business since the third quarter of 2021. Due to the decrease in demand in the PRC, the income from processing and trading of electronic parts business dropped by approximately RMB4,986,000 or 25.5% to approximately RMB14,541,000 (2021: RMB19,527,000). The revenue generated from the provision of beauty treatment services business which commenced in 2021 was approximately RMB7,995,000. The demand in the loan market remained stable, the Group recorded a slightly increase of approximately RMB1,308,000 or 5.8% in revenue from money lending business as compared with the corresponding period in 2021. The Group has derived interest income from our loan portfolio of approximately RMB23,846,000 for the Period (2021: RMB22,538,000).

The gain/loss on financial assets at fair value through profit or loss were turnaround from a net unrealised gain of approximately RMB1,395,000 to net unrealized loss of approximately RMB5,965,000 from the listed securities portfolio held by the Group.

The general and administrative expenses for the Period dropped by approximately RMB3,328,000 or 12.8% as compared with the corresponding period in 2021. The decrease was mainly attributed to less corporate expenses incurred during the Period.

Finance costs for the Period decreased by approximately RMB89,000 or 2.3% as compared with the corresponding period in 2021 which mainly represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to RMB3,357,000 (2021: RMB638,000), which represented approximately RMB2,719,000 or 426.2% increase as compared with the corresponding period in 2021. The loss incurred was mainly attributable to the loss on fair value of financial assets at fair value through profit or loss.



## BUSINESS REVIEW AND FUTURE PROSPECT

During the Period, the Group continued to focus on the money lending business and processing and trading of electronic parts business and the provision on beauty treatment services business which commence in 2021. The Group engaged in money lending business by providing both secured and unsecured loans to individuals and corporate customers. We provide personal loans, mortgage loans and corporate loans. Interest income earned from the money lending business was approximately RMB23,846,000 during the Period, which represented approximately 51.4% of the total revenue. The business segment for processing and trading of electronic parts of the Group engaged in sourcing, processing, and sales of computer-related and smartphone-related electronic parts and components, such as CPU, LED screen panel, hard-disk, and smartphone chipsets and lens. Revenue earned from the processing and trading of electronic parts business was approximately RMB14,541,000 during the Period, which represented 31.4% of the total revenue. In 2021, the Group started a new business segment on the provision of beauty treatment services business included the non-surgical medical aesthetic services and traditional beauty services which has contributed revenue of approximately RMB7,995,000 to the Group, which represented 17.2% of the total revenue. Meanwhile, the Group reduced the scale of the burial business which included the sale of burial plots and cemetery maintenance services since the third quarter of 2021. In the view of the poor performance of the burial business, the Group minimise the capital expenditure and cut the unnecessary costs during the Period.

Looking forward, the Group considers that it is vital and necessary for the Group to dedicate more efforts on the provision of beauty treatment services business and processing and trading of electronic parts business with the view to further expand the business and takes various cost-savings and operational improvement measures for the business.

## CHARGES ON GROUP ASSETS

As at 30 September 2022, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2021: Nil).

## CAPITAL COMMITMENT

As at 30 September 2022, the Group did not have any material capital commitment (31 December 2021: Nil).

## PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 5 May 2022, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, up to 51,500,000 placing shares at the placing price of HK\$0.22 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties. The placing was completed on 23 May 2022 and the net proceeds of the placing were approximately HK\$11.05 million. As at 30 September 2022, the net proceeds were fully utilised for the bond repayment as intended. For details, please refer to the Company's announcement dated 5 May 2022 and 23 May 2022.

## SIGNIFICANT INVESTMENTS

The Group had no significant investment during the Period.

## MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition nor disposal during the Period.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group has no specific plan for material investments or capital assets as at 30 September 2022.

## EMPLOYEE INFORMATION

As at 30 September 2022, the Group has about 26 employees working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The staff costs, including Directors' emoluments, were approximately RMB3,360,000 for the Period (2021: RMB1,485,000).

## GEARING RATIO

As at 30 September 2022, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 24.0% (31 December 2021: 19.5%).

## CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any material contingent liabilities (31 December 2021: nil).



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions 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 the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

#### LONG POSITIONS IN THE COMPANY

Name of Director	Capacity	Number of issued shares	Number of unlisted share options	Total	Approximately percentage of shareholding
Ms. Tsui Annie	Beneficial owner	–	6,000	6,000	0.01%
Mr. Feng Keming	Beneficial owner	2,140,000	6,000	2,146,000	0.65%
Ms. Ho Yuen Ki	Beneficial owner	2,140,000	6,000	2,146,000	0.65%

Save as disclosed above, as at 30 September 2022, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

#### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2022, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

## SHARE OPTION

The Company has adopted the share option scheme (the “Share Option Scheme”) on 15 November 2019 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. During the Period, no share options were cancelled nor lapsed. As at 30 September 2022, there were outstanding 217,000 options. Details of the outstanding options under the Share Option Scheme are as follows:

Details of grantees	Date granted	Period during which options are exercisable	No. of options				Outstanding as at 30 September 2022	Exercise price per share	Weighted average closing price per share immediately before the date on which the options were exercised
			outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period			
<b>Category: Directors</b>									
Ms. Tsui Annie	8 October 2020	8 October 2020 to 7 October 2022	2,146,000	–	(2,140,000)	–	6,000	HK\$0.20	HK\$0.22
Mr. Feng Keming	8 October 2020	8 October 2020 to 7 October 2022	2,146,000	–	(2,140,000)	–	6,000	HK\$0.20	HK\$0.22
Ms. Ho Yuen Ki	8 October 2020	8 October 2020 to 7 October 2022	2,146,000	–	(2,140,000)	–	6,000	HK\$0.20	HK\$0.22
<b>Category: Employees</b>									
Employees	8 October 2020	8 October 2020 to 7 October 2022	15,022,000	–	(14,980,000)	–	42,000	HK\$0.20	HK\$0.22
	8 April 2022	8 April 2022 to 7 April 2024	–	25,757,000	(25,600,000)	–	157,000	HK\$0.25	HK\$0.33
			21,460,000	25,757,000	(47,000,000)	–	217,000		

Note:

- (i) All share options granted were vested immediately.
- (ii) The closing price of the securities immediately before the date on which the options were granted was HK\$0.25.

The estimate of the fair value of the share options granted during the Period is measured based on a binomial option pricing model on the date which the options were granted, i.e. 8 April 2022. Fair value of share options granted and assumptions are as follows:

#### Employees

Fair value of each share option at grant date	HK\$0.0945
Share price of each share at grant date	HK\$0.25
Exercise price of each share option	HK\$0.25
Expected volatility	90.18%
Option life	2 years
Expected dividend yield	0%
Risk-free interest rate	1.94%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Based on the fair values derived from the above pricing model, the fair value of the share options granted on 8 April 2022 was approximately HK\$2,434,000 (equivalent to approximately RMB1,975,000), such amount has been charged as share-based compensation expenses to profit or loss for the Period.

There was no market vesting condition or non-market performance condition associated with the options granted.

## DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 30 September 2022, save for the Share Option Scheme, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

## COMPETING INTEREST

The Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the Period.

## **CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE THE DATE OF THE ANNUAL REPORT**

Since the date of publication of the 2021 Annual Report, there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 17.50B of the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company established an audit committee (“Audit Committee”) in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include the review and supervision of the financial reporting process and the internal control and risk management systems of the Group on ongoing basis. During the Period, the Audit Committee comprised of three members and all of whom are independent non-executive Directors. Mr. CHAN Kwan Yiu who possess appropriate professional qualifications, accounting and related financial management expertise, is the Chairman of the Audit Committee. The Audit Committee meets at least quarterly. The Group’s unaudited results for the Period have not been audited by the Company’s auditors but have been reviewed by the Audit Committee, and it was in its opinion that the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange. During the Period, no material matters were identified and reported by the Audit Committee to the Board.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Period.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the standard set out in Rules 5.48 to 5.67 (the “Model Code”) of the GEM Listing Rules, in relation to the dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the standards set out in the Model Code during the Period.

## COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

Save as disclosed below, none of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the Period, complied with the code provisions as set out in the Corporate Governance Code as contained in Part 2 of Appendix 15 to the GEM Listing Rules. As to the deviation from code provisions A.4.1 that non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company, the Board will continue to review the current situation from time to time and shall make necessary changes when appropriate.

## EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period.

By Order of the Board  
**Hao Wen Holdings Limited**  
**FENG Keming**  
*Executive Director*

Hong Kong, 10 November 2022

As at the date of this report, the Board comprises the following Directors:

*Executive Directors:*

Ms. TSUI Annie

Mr. FENG Keming

*Independent non-executive Directors:*

Mr. CHAN Kwan Yiu

Ms. MA Sijing

Ms. HO Yuen Ki