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HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8019)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report of Hao Wen Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 (the “**Annual Report 2022**”). Unless otherwise defined, capitalised terms used herein shall have same meanings as those defined in the Annual Report 2022.

Further to the information as set out in the Annual Report 2022, the Company would like to provide additional information on the Share Option Scheme and money lending business.

SHARE OPTION SCHEME

The weighted average closing price of the shares immediately before the date on which the options were exercised was HK\$0.33.

The number of options available for grant under the Share Option Scheme as of 1 January 2022 and 31 December 2022 was 25,757,205 and 33,047,205 respectively.

The number of shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 December 2022 divided by the weighted average number of ordinary shares for the year ended 31 December 2022 was approximately 8.2%.

The remuneration committee of the Company had reviewed, among other things, the Share Option Scheme and approved the grant having considered that the grant was consistent with the aim of maintaining the Share Option Scheme to recognise the contributions of the personnel and to provide incentives to the grantees to continue to work for the success and improved performance of the Group.

MONEY LENDING BUSINESS

As at 31 December 2022, the Group maintained a net loan portfolio of approximately HK\$358.8 million with loans to 166 borrowers, of which 156 were individuals and 10 were corporations. The principal amount of the loans ranged from HK\$190,000 to HK\$13.9 million and the loan terms ranged from 6 months year to 3 years. The amount of secured loans was approximately HK\$253.0 million and the amount of unsecured loans was approximately HK\$105.8 million. The secured loan is secured by the pledge of assets and guarantee (if any) from the customers. As at 31 December 2022, the net amounts of loan receivables from the five largest borrowers in aggregate amounted to approximately HK\$60.8 million, which accounted for approximately 16.9% of the loan receivables of the Group. The details of the loan repayment are as below:

Loan Term	Number of clients
Within one year	23
One to two years	131
Over two years	12
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	166
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The following table sets forth the distribution of the remaining maturity of loan receivables as at 31 December 2022:

	2022
	<i>HK\$'000</i>
Within one year	134,258
More than one year but not exceeding three years	224,575
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	358,834
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The Company did not set specific target for customer of any background or industry or operation history. The source of customers of the Company were mainly via the business networks of the management of the Company or customers' referrals or advertisements.

Risk Management Policies

The Group has developed a credit policy and procedures manual for its money lending business. The credit policy and procedures manual specify, among others, the loan application, credit assessment, credit approval and monitoring ongoing credit risk procedures. The Group continues to monitor and review the operation and performance of the risk management system, and to improve the system from time to time to adapt to the changes in market conditions and regulatory environment. The core principle of risk management system is to minimise such risks in business activities and to protect the long-term interests of the Group and the Shareholders.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The following is a summary of the general guidelines of assessing loan applications:

- (i) Identity and address proof – identity documents from individuals and statutory records from business and utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body must be provided for verification;
- (ii) Credit worthiness assessment – conduct due diligence on the borrower’s background, operating and financial conditions, credit history, financing purposes, major shareholders and guarantors and conduct public searches; and
- (iii) Repayment ability assessment – evaluate information including but not limited to the tax return, bank statement, payroll slip, employment contract, rental income receipt, tenancy agreement, financial statements and auditor’s report, past payment record, the value and liquidity of collateral (if any) and repayment abilities of guarantor (if any).

After credit assessment and review of the loan applications, with loan terms determined having taken into consideration factors such as the credit risks of the borrowers, their recoverability, the borrowers’ needs and the prevailing market interest rates, the loan application will be subject to the approval of the management. Subject to the size of the loan, different approval authority will be applied, the control limit is set according to the materiality of the loan exposure decided by the Board from time to time. Any loan with principal amount that is less than 5% of the net assets of the Group is subject to approval by the credit committee of the Group and any loan exceeding such limit is subject to approval of the Board.

Upon granting the loan, recoverability of the loans will be monitored on an ongoing basis. In assessing the recoverability of the loan, information such as (i) historical payment records; (ii) communication with borrowers; and (iii) any foreseeable changes in the economic environment that would significantly deteriorating the borrowers’ ability to meet their obligations. The Group would obtain updated information from the borrowers when late repayment records were noted to reassess the creditworthiness of the borrowers and recoverability of the loan. When there are past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

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

Hong Kong, 26 October 2023

As at the date hereof, the Board comprises Mr. FENG Keming and Ms. BAI Jie as executive Directors, and Mr. CHAN Kwan Yiu, Ms. MA Sijing and Ms. HO Yuen Ki as independent non-executive Directors.

This announcement, for which the Directors 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 of Hong Kong Limited 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 GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at <http://www.tricor.com.hk/webservice/008019>.