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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Hao Wen Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the nine months and three months ended 30 September 2023. This announcement, containing the full text of the 2023 third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of quarterly results.

By Order of the Board
HAO WEN HOLDINGS LIMITED
FENG Keming
Executive Director

Hong Kong, 10 November 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 “Latest Listed Company Information” page of the HKEX website at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company’s website at <http://www.tricor.com.hk/web/service/008019>.



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2023

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 2023 (the “**Period**”) was approximately RMB35,199,000, representing a decrease of approximately 24.1% as compared with that of the corresponding period in 2022.
- Loss attributable to owners of the Company for the Period was approximately RMB1,073,000.
- Loss per share for the Period was approximately RMB0.301 cents.
- The Board does not recommend the payment of any dividend for the Period.

UNAUDITED FINANCIAL RESULTS

The board of Directors (the “Board”) 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 2023, together with the comparative unaudited figures for the corresponding periods in 2022, 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 | |
|---|------|---|-----------------|--|-----------------|
| | | 2023 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2022 RMB'000 |
| Turnover | 3 | 35,199 | 46,382 | 10,949 | 16,512 |
| Cost of sales | | (10,715) | (17,213) | (2,158) | (5,974) |
| Gross profit | | 24,484 | 29,169 | 8,791 | 10,538 |
| Other gains and losses | 5 | 119 | (5,909) | 62 | 2,511 |
| General and administrative expenses | | (22,492) | (22,718) | (8,010) | (9,879) |
| Profit from operations | | 2,111 | 542 | 843 | 3,170 |
| Share of results of associates | | – | 98 | – | 17 |
| Finance costs | 6(a) | (3,184) | (3,856) | (1,089) | (1,280) |
| (Loss)/profit before taxation | 6 | (1,073) | (3,216) | (246) | 1,907 |
| Income tax expenses | 7 | – | (141) | – | (67) |
| (Loss)/profit for the period | | (1,073) | (3,357) | (246) | 1,840 |
| Other comprehensive income for the period, net of income tax | | | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | | | |
| Exchange differences on translating foreign operations | | 17,350 | 42,757 | 2,787 | 28,402 |
| Total comprehensive income for the period | | 16,277 | 39,400 | 2,541 | 30,242 |

| | For the nine months ended 30 September | | For the three months ended 30 September | |
|---|---|------------------------|--|------------------------|
| | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> | 2023 <i>RMB'000</i> | 2022 <i>RMB'000</i> |
| (Loss)/profit for the period attributable to: | | | | |
| Owners of the Company | (1,073) | (3,357) | (246) | 1,840 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | 16,277 | 39,400 | 2,541 | 30,242 |
| (Loss)/earnings per share | | | | |
| – Basic and diluted (RMB cents) | 8 | (0.301) | (0.069) | 0.522 |

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 and processing and trading of electronic parts business.

The functional currencies of the Company and its major subsidiaries are Hong Kong dollars (“**HK\$**”) 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 2022 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 2022 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 2023 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 and (iii) provision of beauty treatment services.

| | (Unaudited) For the nine months ended 30 September | | (Unaudited) For the three months ended 30 September | |
|--|--|-----------------|---|-----------------|
| | 2023 RMB’000 | 2022 RMB’000 | 2023 RMB’000 | 2022 RMB’000 |
| Interest income earned from the money lending business | 23,920 | 23,846 | 8,678 | 8,999 |
| Processing and trading of electronic parts | 11,279 | 14,541 | 2,271 | 4,104 |
| Provision of beauty treatment services | – | 7,995 | – | 3,409 |
| | 35,199 | 46,382 | 10,949 | 16,512 |

4. SEGMENT REPORTING

Segment revenues and results

| | (Unaudited) | | | | | | | |
|--|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Money lending | | Electronic parts | | Beauty business | | Consolidated | |
| | 2023 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2022 RMB'000 |
| Turnover | | | | | | | | |
| External sales | 23,920 | 23,846 | 11,279 | 14,541 | - | 7,995 | 35,199 | 46,382 |
| Result | | | | | | | | |
| Segment results | 5,591 | 4,812 | 564 | 1,792 | - | 1,802 | 6,155 | 8,406 |
| Unallocated corporate expenses | | | | | | | (4,147) | (1,899) |
| Gain/(loss) on fair value of financial assets at fair value through profit or loss | | | | | | | 103 | (5,965) |
| Profit from operations | | | | | | | 2,111 | 542 |
| Share of results of associates | | | | | | | - | 98 |
| Finance costs | | | | | | | (3,184) | (3,856) |
| Loss before taxation | | | | | | | (1,073) | (3,216) |
| Income tax expenses | | | | | | | - | (141) |
| Loss for the period | | | | | | | (1,073) | (3,357) |

| | (Unaudited) | | | | | | | |
|---|---|---------|------------------|---------|-----------------|---------|--------------|---------|
| | For the three months ended 30 September | | | | | | | |
| | Money lending | | Electronic parts | | Beauty business | | Consolidated | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Turnover | | | | | | | | |
| External sales | 8,678 | 8,999 | 2,271 | 4,104 | - | 3,409 | 10,949 | 16,512 |
| Result | | | | | | | | |
| Segment results | 812 | 27 | 112 | 4 | - | 822 | 924 | 853 |
| Unallocated corporate expenses | | | | | | | (142) | (145) |
| Gain on fair value of financial assets at fair value through profit or loss | | | | | | | 61 | 2,462 |
| Profit from operations | | | | | | | 843 | 3,170 |
| Share of results of associates | | | | | | | - | 17 |
| Finance costs | | | | | | | (1,089) | (1,280) |
| Loss/(profit) before taxation | | | | | | | (246) | 1,907 |
| Income tax expenses | | | | | | | - | (67) |
| Loss/(profit) for the period | | | | | | | (246) | 1,840 |

5. OTHER GAINS AND LOSSES

| | (Unaudited) | | | |
|--|--|---------|---|---------|
| | For the nine months ended 30 September | | For the three months ended 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Gain/(loss) on fair value of financial assets at fair value through profit or loss | 103 | (5,965) | 61 | 2,462 |
| Sundry income | 16 | 56 | 1 | 49 |
| | 119 | (5,909) | 62 | 2,511 |

6. (LOSS)/PROFIT BEFORE TAXATION

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

| | (Unaudited) For the nine months ended 30 September | | (Unaudited) For the three months ended 30 September | |
|--|--|-----------------|---|-----------------|
| | 2023 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2022 RMB'000 |
| (a) Finance costs | | | | |
| Interest on unsecured bonds | 3,184 | 3,856 | 1,089 | 1,280 |
| (b) Staff costs (including directors' remuneration) | | | | |
| – Contributions to defined contribution plans | 30 | 68 | 4 | 47 |
| – Salaries, wages and other benefits | 1,182 | 3,360 | 255 | 468 |
| Total staff costs | 1,212 | 3,428 | 259 | 515 |
| (c) Other items | | | | |
| Depreciation | 315 | 1,184 | 108 | 122 |
| Auditors' remuneration | 419 | 394 | 143 | 137 |
| Cost of inventories sold | 10,715 | 17,213 | 2,158 | 5,974 |

7. INCOME TAX EXPENSES

| | (Unaudited) For the nine months ended 30 September | | (Unaudited) For the three months ended 30 September | |
|------------------------------|--|-----------------|---|-----------------|
| | 2023 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2022 RMB'000 |
| Current tax | | | | |
| Hong Kong | – | 142 | – | 67 |
| Over-provision in prior year | | | | |
| Hong Kong | – | (1) | – | – |
| | – | 141 | – | 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% (2022: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% in respect of the Period (2022: 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 (2022: 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 (2022: 25%).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the three months ended 30 September 2023 was based on the loss for the period attributable to owners of the Company of approximately RMB246,000 (2022: profit attributable to owners of the Company of approximately RMB1,840,000) and on the weighted average number of ordinary shares of approximately 356,072,058 shares (2022: 352,495,125 shares).

The calculation of basic loss per share for the nine months ended 30 September 2023 was based on the loss for the period attributable to owners of the Company of approximately RMB1,073,000 (2022: RMB3,357,000) and on the weighted average number of ordinary shares of approximately 356,072,058 shares (2022: 299,576,438 shares).

The outstanding share options for the three months ended 30 September 2023 and 2022; and nine months ended 30 September 2023 and 2022 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 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 |
| At 1 January 2023 | 3,614 | 379,917 | 536,025 | 12 | (12,273) | 23,539 | (630,752) | 295,082 | - | 295,082 |
| Loss for the period | - | - | - | - | - | - | (1,073) | (1,073) | - | (1,073) |
| Exchange differences on translating foreign operation | - | - | - | - | - | 17,350 | - | 17,350 | - | 17,350 |
| Total comprehensive income/ (loss) for the year | - | - | - | - | - | 17,350 | (1,073) | 16,277 | - | 16,277 |
| At 30 September 2023 | 3,614 | 379,917 | 536,025 | 12 | (12,273) | 40,889 | (631,825) | 311,359 | - | 311,359 |

10. DIVIDEND

The Directors do not recommend the payment of any dividends for the Period (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the Period, the Group recorded an unaudited consolidated turnover of approximately RMB35,199,000 (2022: RMB46,382,000), which represented a decrease of approximately 24.1% as compared with that of the corresponding period in 2022.

The decrease of revenue was mainly due to no revenue generated from the beauty treatment services business since the late 2022. Due to the decrease in demand in the People's Republic of China (the "PRC"), the income from processing and trading of electronic parts business decreased by approximately RMB3,262,000 or 22.4% to approximately RMB11,279,000 (2022: RMB14,541,000). The demand in the loan market remained stable, the revenue from money lending business slightly increased by approximately RMB74,000 or 0.3% as compared with the corresponding period in 2022. The Group has derived interest income from our loan portfolio of approximately RMB23,920,000 for the Period (2022: RMB23,846,000).

The gain/loss on financial assets at fair value through profit or loss turned around from a net loss of approximately RMB5,965,000 to a net gain of approximately RMB103,000 from the listed securities portfolio held by the Group.

The general and administrative expenses for the Period slightly decreased by approximately RMB226,000 or 1.0% from approximately RMB22,718,000 to approximately RMB22,492,000. The decrease was mainly attributable to less corporate exercises incurred during the Period.

The finance costs for the Period dropped by approximately RMB672,000 or 17.4% from approximately RMB3,856,000 to RMB3,184,000, which was mainly attributable to the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to approximately RMB1,073,000 (2022: RMB3,357,000), which decreased by approximately RMB2,284,000 or 68.0% as compared with the corresponding period in 2022. The drop was mainly due to the net unrealised gain on 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.

The Group engaged in money lending business by providing both secured and unsecured loans to individuals and corporate customers. We provide personal loans and corporate loans. Interest income earned from the money lending business was approximately RMB23,920,000 during the Period, which represented approximately 68.0% 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, smartphone chipsets and lens. Revenue earned from the processing and trading of electronic parts business was approximately RMB11,279,000 during the Period, which represented 32.0% of the total revenue. No sale was recognised from beauty treatment services business which included the non-surgical medical aesthetic services and traditional beauty services. With the intense competition in the beauty treatment services business, the performance of this business is unsatisfactory, as such the Group minimised the capital expenditure and cut the unnecessary costs of this segment.

Looking forward, the Group considers that it is vital and necessary for the Group to dedicate more efforts on the 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.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2023, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 20.9% (31 December 2022: 18.2%).

The Group generally finances its operations through internally-generated cash flows, issued unsecured bonds to independent third parties and shareholder's equity.

With the amount of liquid assets on hand, the management of the Group at the date of this report is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets, liabilities and transactions are denominated in HK\$ and RMB. The Group has not implemented any hedging policy during the Period, but the Directors will continue to monitor its foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

CHARGES ON GROUP ASSETS

As at 30 September 2023, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2022: Nil).

CAPITAL COMMITMENT

As at 30 September 2023, the Group did not have any material capital commitment (31 December 2022: Nil).

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 2023.

EMPLOYEE INFORMATION

As at 30 September 2023, the Group had 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 RMB1,212,000 for the Period (2022: RMB3,428,000).

BONDS

On 12 January 2018, the Company issued unsecured bonds to independent third parties with principal amount of HK\$30,000,000 and with effective interest rate of 11% per annum. The maturity date of which is 3 years. On 1 November 2020, the Company renewed the unsecured bonds with the same independent third parties with revised principal amount of HK\$42,500,000 and effective interest rate of 11% per annum and the maturing date is the fifth anniversary of the renewal date.

On 16 June 2022, the Company issued unsecured bonds to independent third parties with principal amount of HK\$20,000,000 which bears interest at 5.5% per annum. The maturity date of which is 5 years.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any material contingent liabilities (31 December 2022: Nil).

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 2023, the Directors and the chief executive of the Company had the following interests 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 (the "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, were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

| Name of Director | Capacity | Number of issued shares | Approximately percentage of shareholding |
|------------------|------------------|-------------------------|--|
| Mr. FENG Keming | Beneficial owner | 2,140,000 | 0.60% |
| Ms. HO Yuen Ki | Beneficial owner | 2,140,000 | 0.60% |

Save as disclosed above, as at 30 September 2023, 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 2023, 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 granted, exercised, cancelled nor lapsed. As at 30 September 2023, there were 157,000 outstanding share options not yet exercised under the Share Option Scheme, representing approximately 0.04% of the issued share capital of the Company. 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 1 January 2023 | Granted/ exercised/ cancelled/ lapsed during the Period | Outstanding as at 30 September 2023 | Exercise price per share | Weighted average closing price per share immediately before the date on which the options were exercised |
|----------------------------|--------------|---|---|---|-------------------------------------|--------------------------|--|
| Category: Employees | | | | | | | |
| Employees | 8 April 2022 | 8 April 2022 to 7 April 2024 | 157,000 | – | 157,000 | HK\$0.25 | HK\$0.25 |
| | | | 157,000 | – | 157,000 | | |

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 2023, 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 publication on 31 March 2023 of the annual report of the Company for the year ended 31 December 2022, Ms. TSUI Annie resigned as the chairperson of the Board and executive Director with effect from 20 June 2023 and Ms. BAI Jie has been appointed as an executive Director with effect from 13 October 2023. Save as disclosed herein, 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 (the “**Audit Committee**”) in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and Code Provision D.3.3 of the Corporate Governance Code. The primary duties of the Audit Committee include, among others, 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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there was no significant event after the Period and up to the date of this report.

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

Hong Kong, 10 November 2023

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

Executive Directors:

Mr. FENG Keming

Ms. BAI Jie

Independent non-executive Directors:

Mr. CHAN Kwan Yiu

Ms. MA Sijing

Ms. HO Yuen Ki