



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019



**2020**

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.**

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*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 2020 (the “Period”) was approximately RMB32,635,000, representing a decrease of approximately 32.2% as compared with that of the corresponding period in 2019.
- Loss attributable to owners of the Company for the nine months ended 30 September 2020 was approximately RMB1,325,000.
- Earnings per share was approximately RMB0.617 cents.
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2020.

## 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 2020, 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<br>30 September |                 | For the three months ended<br>30 September |                 |
|--|------|---|-----------------|--|-----------------|
|  |      | 2020<br>RMB'000                           | 2019<br>RMB'000 | 2020<br>RMB'000                            | 2019<br>RMB'000 |
| <b>Turnover</b>  | 3    | <b>32,635</b>                             | 48,155          | <b>11,438</b>                              | 13,931          |
| Cost of sales  |      | <b>(9,107)</b>                            | (21,277)        | <b>(3,313)</b>                             | (5,906)         |
| <b>Gross profit</b>                                      |      | <b>23,528</b>                             | 26,878          | <b>8,125</b>                               | 8,025           |
| Other gains and losses                                   | 5    | <b>(1,288)</b>                            | (613)           | <b>(89)</b>                                | (190)           |
| General and administrative expenses                      |      | <b>(20,063)</b>                           | (18,312)        | <b>(7,404)</b>                             | (6,243)         |
| <b>Profit from operations</b>                            |      | <b>2,177</b>                              | 7,953           | <b>632</b>                                 | 1,592           |
| Share of results of associates                           |      | <b>(78)</b>                               | 295             | <b>(13)</b>                                | 53              |
| Finance costs  | 6(a) | <b>(3,353)</b>                            | (2,827)         | <b>(1,101)</b>                             | (1,067)         |
| <b>(Loss)/profit before taxation</b>                     | 6    | <b>(1,254)</b>                            | 5,421           | <b>(482)</b>                               | 578             |
| Income tax expenses                                      | 7    | <b>(79)</b>                               | (2,021)         | <b>(38)</b>                                | (500)           |
| <b>(Loss)/profit for the period</b>                      |      | <b>(1,333)</b>                            | 3,400           | <b>(520)</b>                               | 78              |
| <b>(Loss)/profit for the period<br/>attributable to:</b> |      |   |                 |  |                 |
| Owners of the Company                                    |      | <b>(1,325)</b>                            | 3,551           | <b>(518)</b>                               | 90              |
| Non-controlling interests                                |      | <b>(8)</b>                                | (151)           | <b>(2)</b>                                 | (12)            |
|  |      |   | (restated)      |  | (restated)      |
| <b>(Loss)/earnings per share</b>                         |      |   |                 |  |                 |
| – Basic and diluted (RMB cents)                          | 8    | <b>(0.617)</b>                            | 1.654           | <b>(0.241)</b>                             | 0.042           |

|  | For the nine months ended<br>30 September |                 | For the three months ended<br>30 September |                 |
|--|---|-----------------|--|-----------------|
|  | 2020<br>RMB'000                           | 2019<br>RMB'000 | 2020<br>RMB'000                            | 2019<br>RMB'000 |
| <b>(Loss)/profit for the period</b>  | <b>(1,333)</b>                            | 3,400           | <b>(520)</b>                               | 78              |
| <b>Other comprehensive income<br/>for the period, net (loss)/profit<br/>of tax</b> |   |                 |  |                 |
| <i>Item that may be reclassified<br/>subsequently to profit or loss</i>            |   |                 |  |                 |
| Exchange differences on translating<br>foreign operations                          | <b>(8,846)</b>                            | 14,086          | <b>(14,878)</b>                            | 13,753          |
| <b>Total comprehensive (loss)/income<br/>for the period</b>                        | <b>(10,179)</b>                           | 17,486          | <b>(15,398)</b>                            | 13,831          |
| <b>Total comprehensive (loss)/income<br/>for the period attributable to:</b>       |   |                 |  |                 |
| Owners of the Company  | <b>(10,171)</b>                           | 17,637          | <b>(15,936)</b>                            | 13,843          |
| Non-controlling interests  | <b>(8)</b>                                | (151)           | <b>(2)</b>                                 | (12)            |

## 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 money lending business and processing and trading of electronic parts.

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 2019 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 2019 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 2020 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

Turnover represents the (i) sales value of goods supplied to customers, which excludes value-added tax, and is stated after deduction of any goods returns and trade discounts and, (ii) interest income earned from the money lending business.

|  | (Unaudited)                               |                        | (Unaudited)                                |                        |
|--|---|------------------------|--|------------------------|
|  | For the nine months ended<br>30 September |                        | For the three months ended<br>30 September |                        |
|  | 2020<br><i>RMB'000</i>                    | 2019<br><i>RMB'000</i> | 2020<br><i>RMB'000</i>                     | 2019<br><i>RMB'000</i> |
| Interest income on money lending business  | 22,570                                    | 22,566                 | 7,664                                      | 7,675                  |
| Processing and trading of electronic parts | 10,065                                    | 25,589                 | 3,774                                      | 6,256                  |
|  | <b>32,635</b>                             | 48,155                 | <b>11,438</b>                              | 13,931                 |

#### 4. SEGMENT REPORTING

##### Segment revenues and results

|  | (Unaudited)                            |         |                  |         |              |         |
|--|--|---------|------------------|---------|--------------|---------|
|  | For the nine months ended 30 September |         |                  |         |              |         |
|  | Money lending                          |         | Electronic parts |         | Consolidated |         |
|  | 2020                                   | 2019    | 2020             | 2019    | 2020         | 2019    |
|  | RMB'000                                | RMB'000 | RMB'000          | RMB'000 | RMB'000      | RMB'000 |
| <b>Turnover</b>  |  |         |                  |         |              |         |
| External sales   | 22,570                                 | 22,566  | 10,065           | 25,589  | 32,635       | 48,155  |
| <b>Result</b>  |  |         |                  |         |              |         |
| Segment results  | 8,430                                  | 7,969   | 947              | 4,304   | 9,377        | 12,273  |
| Unallocated corporate expenses   |  |         |                  |         | (3,699)      | (3,706) |
| Fair value loss on financial assets at fair value through profit or loss |  |         |                  |         | (1,314)      | (614)   |
| Impairment loss on interest in associates                                |  |         |                  |         | (2,187)      | –       |
| Profit from operations   |  |         |                  |         | 2,177        | 7,953   |
| Share of results of associates   |  |         |                  |         | (78)         | 295     |
| Finance costs  |  |         |                  |         | (3,353)      | (2,827) |
| (Loss)/profit before taxation  |  |         |                  |         | (1,254)      | 5,421   |
| Income tax expenses  |  |         |                  |         | (79)         | (2,021) |
| (Loss)/profit for the period   |  |         |                  |         | (1,333)      | 3,400   |

|  | (Unaudited)                             |                |                  |                |                |                |
|--|---|----------------|------------------|----------------|----------------|----------------|
|  | For the three months ended 30 September |                |                  |                |                |                |
|  | Money lending                           |                | Electronic parts |                | Consolidated   |                |
|  | 2020                                    | 2019           | 2020             | 2019           | 2020           | 2019           |
|  | <i>RMB'000</i>                          | <i>RMB'000</i> | <i>RMB'000</i>   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| <b>Turnover</b>  |   |                |                  |                |                |                |
| External sales   | 7,664                                   | 7,675          | 3,774            | 6,256          | 11,438         | 13,931         |
| <b>Result</b>  |   |                |                  |                |                |                |
| Segment results  | 1,417                                   | 2,696          | 461              | 351            | 1,878          | 3,047          |
| Unallocated corporate expenses   |   |                |                  |                | (1,131)        | (1,265)        |
| Fair value loss on financial assets at fair value through profit or loss |   |                |                  |                | (115)          | (190)          |
| (Loss)/profit from operations  |   |                |                  |                | 632            | 1,592          |
| Share of results of associates   |   |                |                  |                | (13)           | 53             |
| Finance costs  |   |                |                  |                | (1,101)        | (1,067)        |
| (Loss)/profit before taxation  |   |                |                  |                | (482)          | 578            |
| Income tax expenses  |   |                |                  |                | (38)           | (500)          |
| (Loss)/profit for the period   |   |                |                  |                | (520)          | 78             |

## 5. OTHER GAINS AND LOSSES

|  | (Unaudited)                            |                | (Unaudited)                             |                |
|--|--|----------------|---|----------------|
|  | For the nine months ended 30 September |                | For the three months ended 30 September |                |
|  | 2020                                   | 2019           | 2020                                    | 2019           |
|  | <i>RMB'000</i>                         | <i>RMB'000</i> | <i>RMB'000</i>                          | <i>RMB'000</i> |
| Fair value loss on financial assets at fair value through profit or loss | (1,314)                                | (614)          | (115)                                   | (190)          |
| Sundry income  | 26                                     | 1              | 26                                      | -              |
|  | (1,288)                                | (613)          | (89)                                    | (190)          |



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

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

|  | <b>(Unaudited)</b><br><b>For the nine months ended</b><br><b>30 September</b> |                        | <b>(Unaudited)</b><br><b>For the three months ended</b><br><b>30 September</b> |                        |
|--|---|------------------------|--|------------------------|
|  | <b>2020</b><br><b>RMB'000</b>   | 2019<br><i>RMB'000</i> | <b>2020</b><br><b>RMB'000</b>  | 2019<br><i>RMB'000</i> |
| <b>(a) Finance costs</b>                                   |   |                        |  |                        |
| Interest on unsecured bonds                                | <b>3,353</b>  | 2,486                  | <b>1,101</b>   | 1,062                  |
| Interest on borrowings                                     | –   | 341                    | –  | 5                      |
| <b>Total finance costs</b>                                 | <b>3,353</b>  | 2,827                  | <b>1,101</b>   | 1,067                  |
| <b>(b) Staff costs (including directors' remuneration)</b> |   |                        |  |                        |
| – Contributions to defined contribution plans              | <b>47</b>   | 81                     | <b>18</b>  | 18                     |
| – Salaries, wages and other benefits                       | <b>1,620</b>  | 2,691                  | <b>449</b>   | 803                    |
| <b>Total staff costs</b>                                   | <b>1,667</b>  | 2,772                  | <b>467</b>   | 821                    |
| <b>(c) Other items</b>                                     |   |                        |  |                        |
| Depreciation   | <b>526</b>  | 1,575                  | <b>20</b>  | 669                    |
| Depreciation on right-of-use assets                        | <b>40</b>   | –                      | <b>40</b>  | –                      |
| Auditors' remuneration                                     | <b>644</b>  | 623                    | <b>212</b>   | 292                    |
| Cost of inventories sold                                   | <b>9,107</b>  | 21,277                 | <b>3,313</b>   | 5,906                  |
| Impairment loss on interest in associates                  | <b>2,187</b>  | –                      | –  | –                      |

## 7. INCOME TAX EXPENSES

|  | (Unaudited)<br>For the nine months ended<br>30 September |                 | (Unaudited)<br>For the three months ended<br>30 September |                 |
|--|--|-----------------|---|-----------------|
|  | 2020<br>RMB'000  | 2019<br>RMB'000 | 2020<br>RMB'000   | 2019<br>RMB'000 |
| Current tax  |  |                 |   |                 |
| Hong Kong  | 79   | 1,824           | 38  | 500             |
| Deferred taxation  |  |                 |   |                 |
| – Debited to the consolidated<br>statement of profit or loss and other<br>comprehensive income | –  | 197             | –   | –               |
|  | <b>79</b>  | 2,021           | <b>38</b>   | 500             |

## (i) Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 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 (2019: 25%).

**8. (LOSS)/EARNINGS PER SHARE**

The calculation of basic loss per share for the three months ended 30 September 2020 was based on the loss for the period attributable to owners of the Company of approximately RMB518,000 (2019: profit attributable to owners of the Company of approximately RMB90,000) and on the weighted average number of ordinary shares of approximately 214,652,058 shares (2019 (restated): 214,652,058 shares).

The calculation of basic loss per share for the nine months ended 30 September 2020 was based on the loss for the period attributable to owners of the Company of approximately RMB1,325,000 (2019: profit attributable to owners of the Company of approximately RMB3,551,000) and on the weighted average number of ordinary shares of approximately 214,652,058 shares (2019 (restated): 214,652,058 shares).

The weighted average number of ordinary shares during the three months and nine months ended 30 September 2019 has been adjusted for the share consolidation which became effective on 10 July 2020.

Diluted (loss)/earnings per share for the three months ended 30 September 2020 and 2019; and nine months ended 30 September 2020 and 2019 were the same as the basic (loss)/earnings per share as there were no potential ordinary shares in issue during both periods.

**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 2019   | 36,184        | 357,643       | 495,170                   | 7,315                            | (9,677)   | 20,259           | (625,232)          | 381,662   | (13,105)                  | 368,557  |
| Profit for the period   | -             | -             | -                         | -                                | -   | -                | 3,551              | 3,551     | (151)                     | 3,400    |
| Exchange differences on translating foreign operations                        | -             | -             | -                         | -                                | -   | 14,086           | -                  | 14,086    | -                         | 14,086   |
| Total comprehensive income/(loss) for the nine months ended 30 September 2019 | -             | -             | -                         | -                                | -   | 14,086           | 3,551              | 17,637    | (151)                     | 17,486   |
| At 30 September 2019  | 36,184        | 357,643       | 495,170                   | 7,315                            | (9,677)   | 34,345           | (521,681)          | 399,299   | (13,256)                  | 386,043  |
| At 1 January 2020   | 36,184        | 357,643       | 495,170                   | -                                | (11,465)  | 27,552           | (542,967)          | 362,117   | (13,368)                  | 348,749  |
| Loss for the period   | -             | -             | -                         | -                                | -   | -                | (1,325)            | (1,325)   | (8)                       | (1,333)  |
| Exchange differences on translating foreign operations                        | -             | -             | -                         | -                                | -   | (8,846)          | -                  | (8,846)   | -                         | (8,846)  |
| Total comprehensive loss for the nine months ended 30 September 2020          | -             | -             | -                         | -                                | -   | (8,846)          | (1,325)            | (10,171)  | (8)                       | (10,179) |
| At 30 September 2020  | 36,184        | 357,643       | 495,170                   | -                                | (11,465)  | 18,706           | (544,292)          | 351,946   | (13,376)                  | 338,570  |

**10. DIVIDEND**

The Directors do not recommend the payment of any dividends for the nine months ended 30 September 2020 (2019: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the nine months ended 30 September 2020, the Group recorded an unaudited consolidated turnover of approximately RMB32,635,000 (2019: RMB48,155,000), which represented a decrease of approximately 32.2% as compared with that of the corresponding period in 2019.

The decrease of turnover was mainly attributed to the drop in revenue the processing and trading of electronic parts. The income from processing and trading of electronic parts business has dropped by approximately RMB15,524,000 or 60.7% to approximately RMB10,065,000 (2019: RMB25,589,000). The decrease was due to the lower demand from customers given the unfavourable economic conditions in the PRC due to the outbreak of Novel Coronavirus ("COVID-19") and China-US trade war. During the Period, the demand in the loan market remained stable, the Group recorded a slightly increase of by approximately RMB4,000 or 0.02% in revenue from money lending business as compared with the corresponding period in 2019. The Group has derived interest income from our loan portfolio of approximately RMB22,570,000 for the Period (2019: RMB22,566,000).

The other gains and losses were mainly attributed to net unrealised loss of approximately RMB1,314,000 (2019: RMB614,000) recorded from the listed securities portfolio held by the Group as at 30 September 2020.

The general and administrative expenses for the Period increased by approximately RMB1,751,000 or 9.6% as compared with the corresponding period in 2019. The increase was mainly attributed to less corporate expenses incurred during the Period offset by the increase in allowance for expected credit losses and impairment loss on interest in associates.

Finance costs for the Period increased by approximately RMB526,000 or 18.6% as compared with the corresponding period in 2019. The finance costs for the Period represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to RMB1,325,000 (2019: profit attributable to owners of the Company amounted to RMB3,551,000), which represented approximately RMB4,876,000 or 137.3% decrease as compared with the corresponding period in 2019. The aforesaid turnaround from profit to loss position was mainly due to the decrease in turnover and the increase in allowance for expected credit losses and impairment loss on interest in associates.

During the year ended 31 December 2019, the valuation method of discounted cash flow ("DCF") was adopted for the calculation of the value-in-use of the cash generating units of the associates. The key assumptions used in the calculations, i.e. the cash flow forecast, future revenue and gross profit growth, were based on historical data of the previous year adjusted by forward-looking information. The growth rate of both revenue and gross profit margin were 5%.

## **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, mortgage loans and corporate loans. Interest income earned from the money lending business was approximately RMB22,570,000 during the Period, which represented approximately 69.2% of the total revenue. Meanwhile, 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 RMB10,065,000 during the Period, which represented 30.8% of the total revenue. Since January 2020, the outbreak on COVID-19 has impacted the global business environment. Pending the development and spread of COVID-19 and the China-US trade war, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group. The Group will continue to monitor the development of the market and react actively to its impact on the financial position and operating results of the Group.

Looking forward, the Group considers that it is vital and necessary for the Group to dedicate more efforts on the processing and trading of electronics parts business with the view to achieving product upgrade and takes various cost-savings and quality improvement measures for the business.

## **CHARGES ON GROUP ASSETS**

As at 30 September 2020, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2019: Nil).

## **CAPITAL COMMITMENT**

As at 30 September 2020, the Group did not have any material capital commitment (31 December 2019: 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.

## EMPLOYEE INFORMATION

As at 30 September 2020, the Group has about 25 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 RMB1,620,000 for the Period (2019: RMB2,691,000).

## GEARING RATIO

As at 30 September 2020, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 9.6% (31 December 2019: 15.4%).

## 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 12 July 2019, the Company issued unsecured bonds to independent third parties with principal amount of HK\$15,000,000 and with effective interest rate of 11% per annum, the maturity date of which is 3 years.

## CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material contingent liabilities (31 December 2019: 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 2020, 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.

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

As at 30 September 2020, 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 (other than the Directors and chief executive of the Company) had, or was deemed or taken to have, an interest or short positions 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, there was no share option granted, exercised, cancelled nor lapsed. As at 30 September 2020, there were no outstanding options.

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

As at 30 September 2020, 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**

Up to the date of this report, none of the Directors or the management shareholders or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) of the Company has an interest in any business which directly or indirectly competes with the business of the Group, or has any other conflict of interests with the Group.

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

Since 23 March 2020 (the date of publication of the 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 and Corporate Governance Report contained in Appendix 15 of 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, and A.6.7 that independent non-executive Directors did not attend all general meetings; the Board will continue to review the current situation from time to time and shall make necessary changes when appropriate and, the compliance officer and company secretary of the Company had reminded and will continue to remind the relevant independent non-executive Directors as well as all current independent non-executive Directors to attend the general meetings of the Company in future.



**EVENTS AFTER THE REPORTING PERIOD**

On 8 October 2020, a total of 21,460,000 share options were granted to Directors and employees of the Group to subscribe for an aggregate of 21,460,000 shares of HK\$0.20 each in the share capital of the Company under the Share Option Scheme. For further details, please refer to the announcement of the Company dated 8 October 2020.

On 25 September 2020, 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, not less than six places to subscribe for the convertible bonds with an aggregate principal amount of up to HK\$8,584,000 at the conversion price of HK\$0.20 per conversion share. On 14 October 2020, the placing was completed, the convertible bonds with an aggregate principal amount of HK\$8,584,000 have been issued by the Company to the places. For further details, please refer to the announcement of the Company dated 25 September 2020 and 14 October 2020.

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.

An extraordinary general meeting was held on 5 October 2020 in which the resolutions regarding the proposed capital reduction of issued shares and sub-division of unissued share was passed by the shareholders of the Company. The capital reduction and the sub-division will become effective when all the conditions are fulfilled. For further details of the capital reduction and the sub-division, please refer to the announcement of the Company dated 3 September 2020, 5 October 2020 and the circular of the Company dated 11 September 2020.

By Order of the Board  
**Hao Wen Holdings Limited**  
**TSUI Annie**  
*Chairperson*

Hong Kong, 10 November 2020

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

*Executive Directors:*

Ms. TSUI Annie  
Ms. WANG Ziyi

*Independent non-executive Directors:*

Mr. CHAN Kwan Yiu  
Ms. MA Sijing  
Ms. HO Yuen Ki