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**Bao Shen Holdings Limited**  
**寶申控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8151)**

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

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

*This announcement, for which the directors (the “**Directors**”) of Bao Shen Holdings Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## FINANCIAL HIGHLIGHTS

	For the nine months ended		
	30 September		
	2022	2021	Change
Revenue ( <i>RMB'000</i> )	87,043	101,414	-14.2%
Gross profit ( <i>RMB'000</i> )	9,814	16,167	-39.5%
Gross profit margin	11.3%	15.9%	-4.6 percentage points
Loss for the period and attributable to owners of the Company ( <i>RMB'000</i> )	(5,736)	(5,133)	11.8%
Basic and diluted losses per share ( <i>RMB</i> )	(1.37) cents	(1.22) cents	11.8%
The Board did not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (2021: nil).			

### THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2022, together with the unaudited comparative figures for the corresponding periods in 2021 as set out below.

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

*For the three months and nine months ended 30 September 2022*

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	<b>28,588</b>	34,404	<b>87,043</b>	101,414
Cost of sales		<b>(25,686)</b>	(28,862)	<b>(77,229)</b>	(85,247)
Gross profit		<b>2,902</b>	5,542	<b>9,814</b>	16,167
Other income and gains	4	<b>873</b>	276	<b>1,204</b>	637
Selling and distribution expenses		<b>(1,248)</b>	(1,226)	<b>(3,981)</b>	(4,520)
Administrative expenses		<b>(4,008)</b>	(5,550)	<b>(10,680)</b>	(15,251)
Finance costs	5	<b>(666)</b>	(759)	<b>(2,116)</b>	(2,411)
Loss before tax		<b>(2,147)</b>	(1,717)	<b>(5,759)</b>	(5,378)
Income tax credit	6	<b>6</b>	266	<b>23</b>	245
Loss for the period and attributable to owners of the Company		<b>(2,141)</b>	(1,451)	<b>(5,736)</b>	(5,133)
<b>Other comprehensive income/ (expense)</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences on translating foreign operations		<b>1,321</b>	(82)	<b>2,422</b>	(278)
Total comprehensive expense for the period and attributable to owners of the Company		<b>(820)</b>	(1,533)	<b>(3,314)</b>	(5,411)
Losses per share					
– Basic and diluted	8	<b>(0.51) cents</b>	(0.35) cents	<b>(1.37) cents</b>	(1.22) cents

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Translation reserve RMB'000	PRC statutory reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 31 December 2021 and 1 January 2022	3,364	52,292	(9,070)	1,934	3,602	25,446	77,568
Loss and total comprehensive expense for the period	-	-	-	2,422	-	(5,736)	(3,314)
Balance at 30 September 2022	<u>3,364</u>	<u>52,292</u>	<u>(9,070)</u>	<u>4,356</u>	<u>3,602</u>	<u>19,710</u>	<u>74,254</u>

For the nine months ended 30 September 2021

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Translation reserve RMB'000	PRC statutory reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 31 December 2020 and 1 January 2021	3,364	52,292	(9,070)	2,416	3,602	29,184	81,788
Loss and total comprehensive expense for the period	-	-	-	(278)	-	(5,133)	(5,411)
Balance at 30 September 2021	<u>3,364</u>	<u>52,292</u>	<u>(9,070)</u>	<u>2,138</u>	<u>3,602</u>	<u>24,051</u>	<u>76,377</u>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2022

## 1. GENERAL INFORMATION

Bao Shen Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 December 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 23 April 2018. Its parent and ultimate holding company is Wang Mao Investments Limited (“**Wang Mao Investments**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Fan Baocheng (“**Mr. Fan**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in the People’s Republic of China (the “**PRC**”) is No. 719, Shuang Ying Road, Wu Yi Industrial Park, Nanqiao Suburb, Chuzhou City, Anhui, the PRC. The Company is an investment holding company. The Group is principally engaged in plastic and steel component manufacturing and processing (including (i) stamping components manufacturing; (ii) plastic components manufacturing; (iii) spray-painting components processing; and (iv) powder-coating components processing) in the PRC.

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the “**functional currency**”). The functional currency of the Group’s operating subsidiaries is RMB. The unaudited condensed consolidated financial statements are presented in RMB, which is different from the functional currency of the Company (i.e. Hong Kong dollars (“**HK\$**”). The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

## 2. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2022 have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), the accounting principles generally accepted in Hong Kong and the relevant Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2021 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), which are effective for the annual period beginning on 1 January 2022, as disclosed in the annual consolidated financial statements for the year ended 31 December 2021. The adoption of new and revised HKFRSs does not have material impact on the Group’s financial performance and financial position.

## 3. REVENUE AND SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group’s has determined that it only has one operating segment which is a plastic and steel components processor (including (i) stamping components manufacturing; (ii) plastic components manufacturing; (iii) spray-painting components processing; and (iv) powder-coating components processing) in the PRC.

<b>Nine months ended 30 September</b>	
<b>2022</b>	<b>2021</b>
<b>RMB'000</b>	<b>RMB'000</b>
<b>(unaudited)</b>	<b>(unaudited)</b>

An analysis of revenue by type of products is as follows:

**Revenue from customer and recognised at point in time**

Peripheral components		
– Spray-painting peripheral components	<b>7,361</b>	10,869
– Powder-coating peripheral components	<b>18,902</b>	27,183
Stamping components	<b>24,678</b>	23,451
Plastic components	<b>36,102</b>	39,911
	<b>87,043</b>	101,414

**Geographical information**

The Company is domiciled in the Cayman Islands with the Group's major operations in the PRC. All external revenue of the Group for the nine months ended 30 September 2022 and 2021 are attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Substantially all the non-current assets of the Group are located in the PRC.

**4. OTHER INCOME AND GAINS**

<b>Nine months ended 30 September</b>		
<b>2022</b>	<b>2021</b>	
<b>RMB'000</b>	<b>RMB'000</b>	
<b>(unaudited)</b>	<b>(unaudited)</b>	
Interest income on bank deposits	<b>30</b>	26
Net sales of moulds and leftover	<b>987</b>	293
Government grants	<b>105</b>	318
Others	<b>82</b>	–
	<b>1,204</b>	637

**5. FINANCE COSTS**

<b>Nine months ended 30 September</b>		
<b>2022</b>	<b>2021</b>	
<b>RMB'000</b>	<b>RMB'000</b>	
<b>(unaudited)</b>	<b>(unaudited)</b>	
Interest on bank borrowings	<b>1,501</b>	1,370
Interest on lease liabilities	<b>8</b>	81
Interest on other borrowings	<b>260</b>	496
Finance costs arising on early redemption of note receivables	<b>318</b>	464
Costs of guarantees on bank borrowings	<b>29</b>	–
	<b>2,116</b>	2,411

## 6. INCOME TAX CREDIT

	Nine months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Deferred tax	<u>23</u>	<u>245</u>
Total income tax credit for the nine months recognised in profit and loss	<u><u>23</u></u>	<u><u>245</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 30 September 2022 and 2021. No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the nine months ended 30 September 2022 and 2021.

PRC subsidiary is subject to PRC Enterprise Income Tax (“EIT”) at 25% for the nine months ended 30 September 2022 and 2021. No provision for PRC EIT has been made in the unaudited condensed consolidated financial statements as the Group had incurred losses for taxation purposes in the PRC for the nine months ended 30 September 2022 and 2021.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

## 7. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (2021: nil).

## 8. LOSSES PER SHARE

	Nine months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
Loss for the period and attributable to owners of the Company (RMB'000)	<u><u>(5,736)</u></u>	<u><u>(5,133)</u></u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><u>420,000,000</u></u>	<u><u>420,000,000</u></u>

For the nine months ended 30 September 2022 and 2021, the calculation of the basic losses per share attributable to owners of the Company was based on (i) the loss attributable to owners of the Company; and (ii) the weighted average number of ordinary shares issued during the periods.

The diluted losses per share is equal to the basic losses per share as there were no dilutive potential ordinary shares in issue for the both periods.

## 9. SUBSEQUENT EVENT

The Group has no event after the end of reporting period that needs to be brought to the attention of the shareholders of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

The Group is a plastic and steel component processor for white goods of home washing machines and home refrigerators, which entails manufacturing of stamping components, plastic components, processing of spray-painting and powder-coating peripheral components, with headquarters in the Anhui province, the PRC.

The COVID-19 pandemic continues to affect the local market. Due to the rising number of COVID-19 diagnosed cases, the PRC Government has implemented a series of anti-epidemic measures from time to time to control the spread of COVID-19. It caused an adverse impact on the manufacturing and processing business of the Group as the production was suspended or delayed. For the nine months ended 30 September 2022, the Group's revenue decreased by approximately 14.2% to approximately RMB87.0 million (2021: RMB101.4 million). The Group's recorded a loss position of approximately RMB5.7 million for the nine months ended 30 September 2022. The loss for the nine months ended 30 September 2022 increased by RMB0.6 million or 11.8% compared to that of the corresponding period 2021.

#### **OUTLOOK**

Looking forward to the fourth quarter of 2022, taking into account the current situation of the Group, the Group will continue to implement the strategies described in the previous three quarters, including but not limited to further reduction of expenses, enhance the skills of various departments of the Group and management ability, so as to making the Group more efficient in production and management, thus enabling the Group to have a stronger market competitiveness.

The Group hopes that the above-mentioned policies can improve the operating conditions of the Group in the fourth quarter.

Finally, the Group will remain open to exploring new business opportunities that are suitable for the Group's development, with a view to diversifying the Group's business base from time to time for the maximum benefits of the Group and its shareholders.



## **FINANCIAL REVIEW**

The revenue of the Group was approximately RMB87.0 million for the nine months ended 30 September 2022 (2021: approximately RMB101.4 million), representing a decrease of approximately 14.2%, such decrease was mainly due to the decrease in sales of washing machine's plastic components and refrigerator's spray-painting and powder-coating peripheral components.

The gross profit of the Group was approximately RMB9.8 million for the nine months ended 30 September 2022, representing a decrease of approximately 39.5% as compared to that of the gross profit of the corresponding period in 2021 of approximately RMB16.2 million. The gross profit margin for the nine months ended 30 September 2022 was approximately 11.3%, which was decrease by 4.6 percentage point as compared to that of the gross profit margin in the corresponding period in 2021 of approximately 15.9%. The decrease in gross profit margin was mainly due to decrease in gross profit margin from spray-painting peripheral components, powder-coating peripheral components and plastic components.

## **OTHER INCOME AND GAINS**

Other income and gains increased from approximately RMB0.6 million for the nine months ended 30 September 2021 to approximately RMB1.2 million for the nine months ended 30 September 2022, representing an increase of approximately 100.0%. Such increase was mainly due to increase in net sales of moulds and leftover as compared to that of corresponding period in 2021.

## **SELLING AND DISTRIBUTION EXPENSES**

Selling and distribution expenses decreased from approximately RMB4.5 million for the nine months ended 30 September 2021 to approximately RMB4.0 million for the nine months ended 30 September 2022, representing a decrease of 11.1%. Such decrease was mainly due to decrease in sales and marketing staff costs compared to that of corresponding period in 2021.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses decreased from approximately RMB15.3 million for the nine months ended 30 September 2021 to approximately RMB10.7 million for the nine months ended 30 September 2022, representing a decrease of 30.1%. Such decrease was mainly due to decrease in research and development costs compared to that of corresponding period in 2021.

## **FINANCE COSTS**

Finance costs decrease from approximately RMB2.4 million for the nine months ended 30 September 2021 to approximately RMB2.1 million for the nine months ended 30 September 2022, representing a decrease of 12.5%. The finance costs remain relatively stable for the nine months ended 30 September 2022 and 2021.

## **INCOME TAX CREDIT**

Income tax credit decrease from approximately RMB245,000 for the nine months ended 30 September 2021 to approximately RMB23,000 for the nine months ended 30 September 2022, representing a decrease of 90.6%. Income tax credit was arising from tax impact on the provision of expected credit loss on trade receivables.

## **LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY**

As a result of the foregoing, the Group recorded a loss for the period and attributable to owners of the Company for the nine months ended 30 September 2022 of approximately RMB5.7 million as compared to approximately RMB5.1 million for the nine months ended 30 September 2021.

## **SUBSEQUENT EVENT**

As from 30 September 2022 to the date of this announcement, the Board is not aware of any other significant events requiring disclosure that have occurred.

## **CONTINGENT LIABILITIES**

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

## **DIVIDENDS**

The Board did not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (2021: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2022, the Group's current assets were RMB107.0 million (31 December 2021: RMB109.7 million), of which RMB23.7 million (31 December 2021: RMB35.6 million) were cash and bank balances. As at 30 September 2022, the consolidated net asset value of the Group amounted to RMB74.3 million, representing a decrease of approximately 4.3% as compared to RMB77.6 million at 31 December 2021.

The gearing ratio (dividing debts comprising of bank borrowings, other borrowings and lease liabilities by total equity) of the Group was approximately 60.3% (31 December 2021: 45.5%).

As at 30 September 2022, the share capital of the Company was RMB3.4 million (31 December 2021: RMB3.4 million). The Group's consolidated reserves were RMB70.9 million (31 December 2021: RMB74.2 million). As at 30 September 2022, the Group had total current liabilities of RMB71.1 million (31 December 2021: RMB71.4 million), mainly comprising trade and other payables and bank borrowings. The total non-current liabilities of the Group amounted to RMB1.9 million (31 December 2021: RMB2.7 million), which represented other borrowings and deferred tax liabilities.

## **CAPITAL STRUCTURE OF THE GROUP**

The capital structure of the Group consists of (i) debts, which include bank borrowings, other borrowings and lease liabilities; and (ii) equity reserves attributable to owners of the Company, comprising issued share capital and various reserves. All interest-bearing bank borrowings are repayable within one year. The other borrowings are repayable within five years. Both of them are denominated in RMB. The bank borrowings bear interest ranging from 3.55% to 5.50% (2021: 3.65% to 6.0%) per annum. The other borrowings bear interest at 10.63% per annum (2021: at 10.63% per annum). The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts. The Group's monetary assets, liabilities and transactions are mainly denominated in RMB. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. The Group is closely monitoring the risk and will apply appropriate hedging instruments when it is needed.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

There was no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the nine months ended 30 September 2022. Save as those disclosed in elsewhere in this announcement, there was no plan for material investments or capital assets as at 30 September 2022.

## USE OF PROCEEDS

The Group is to expand our market share and strengthen our market position in the steel and plastic component industry for white goods in the PRC.

After deduction of all related listing expenses and commissions, the net proceeds from the listing of the shares of the Company amounted to approximately HK\$18.4 million. Up to 30 September 2022, the Group has approximately utilised HK\$10.7 million of the net proceeds from the listing of the shares of the Company as follows:

Use of proceeds	As stated in Prospectus <i>HK\$'000</i>	Actual use of proceeds from the date of listing up to 30 September 2022 <i>HK\$'000</i>	Unused amount <i>HK\$'000</i>	Expected timeline of full utilisation of the remaining net proceeds
Increasing production capacity of stamping components by acquisition of automatic roll manufacturing lines, stamping machines and the moulds required, and the related additional labour cost	4,100	3,333	767	By 30 June 2023
Increasing production capacity of powder-coating peripheral components by acquisition of one new processing line and the related additional labour cost	4,200	–	4,200	By 30 June 2023
Increasing production capacity of spray-painting components by acquisition of one new processing line and the related additional labour cost	2,700	–	2,700	By 30 June 2023
Repayment of part of the Group's bank loans	6,700	6,700	–	
Using for general working capital purposes	700	700	–	
	<hr/>	<hr/>	<hr/>	
Total	<u>18,400</u>	<u>10,733</u>	<u>7,667</u>	

## OTHER INFORMATION

### DIVIDENDS

The Board did not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (2021: nil).

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Mr. Fan Baocheng (“ <b>Mr. Fan</b> ”) ( <i>Note 1</i> )	Interest in a controlled corporation	223,650,000	53.25%
Mr. Zhou Zhen Dong (“ <b>Mr. Zhou</b> ”) ( <i>Note 2</i> )	Interest in a controlled corporation	91,350,000	21.75%

#### Notes:

1. Mr. Fan beneficially owns 100% of the entire issued share capital of Wang Mao Investments Limited (“**Wang Mao Investments**”). Therefore, Mr. Fan is deemed, or taken to be, interested in all the Shares held by Wang Mao Investments for the purposes of the SFO. Mr. Fan is a director of Wang Mao Investments.
2. Mr. Zhou beneficially owns 100% of the entire issued share capital of Season Empire Group Limited (“**Season Empire Group**”). Therefore, Mr. Zhou is deemed, or taken to be, interested in all the Shares held by Season Empire Group for the purposes of the SFO. Mr. Zhou is a director of Season Empire Group.

**(ii) Long position in the ordinary shares of associated corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature</b>	<b>Number of shares held/ interested in</b>	<b>Percentage of interest in the associated corporation</b>
Mr. Fan	Wang Mao Investments	Beneficial owner	1	100%
Mr. Zhou	Season Empire Group	Beneficial owner	1	100%

Save as disclosed above, as at 30 September 2022, none of the Directors or Chief Executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

**INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHERS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES**

As at 30 September 2022, so far as our Directors are aware, the following persons (not being a Director or chief executive of our Company) had interests or short positions in the Shares or underlying Shares which would be required 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 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

## Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares held/ interested in	Percentage of interest in the Company
Wang Mao Investments	Beneficial interest	223,650,000	53.25%
Ms. Cao Lele ("Ms. Cao") (Note 1)	Interest of spouse	223,650,000	53.25%
Season Empire Group	Beneficial interest	91,350,000	21.75%

*Note:*

1. Ms. Cao is the spouse of Mr. Fan. Ms. Cao is deemed or taken to be interested in all Shares in which Mr. Fan has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 30 September 2022, the Company had not been notified by any party (not being a Director and chief executive of the Company) who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO.

## DIRECTORS' INTEREST IN A COMPETING BUSINESS

For the nine months ended 30 September 2022 and up to the date of this announcement, save as disclosed in this announcement, the Directors confirm that none of the Directors or Controlling Shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, directly or indirectly, with the business of the Group.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company" and "Share Option Scheme" in this announcement, at no time for the nine months ended 30 September 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the nine months ended 30 September 2022 and up to the date of this announcement, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

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

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares of the Company (the “**Code of Conduct**”). The Company has made specific enquiry of all Directors and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of any non-compliance for the nine months ended 30 September 2022 and up to the date of this announcement.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Save as disclosed below, to the best knowledge of the Directors, for the nine months ended 30 September 2022 and up to the date of this announcement, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. CG Code provision C.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fan is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Fan being one of the founders of the Group and has been operating and managing Chuzhou Xiezhong Home Appliance Accessories Co., Ltd\* (滁州市協眾家電配件有限公司), the operating subsidiary of the Company, since 2010, the Board believes that it is in the best interest of the Group to have Mr. Fan taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision C.2.1 is appropriate in such circumstance.

The Directors will continue to review and consider splitting the roles of chairman and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 31 March 2018. No share option has been granted under the Share Option Scheme for the nine months ended 30 September 2022 and up to the date of this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% for the nine months ended 30 September 2022 and up to the date of this announcement.



## AUDIT COMMITTEE AND REVIEW OF THE THIRD QUARTERLY RESULTS

An audit committee has been established by the Board on 31 March 2018 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The audit committee consists of three members, namely, Mr. Chan Chun Chi, Mr. Ho Ka Chun and Mr. Liang Chi, all being independent non-executive Directors. Mr. Chan Chun Chi currently serves as the chairman of the audit committee.

The primary duties of the Audit Committee include making recommendations to the Board on the appointment and approval of external auditors, reviewing and supervising the financial statements and material advice in respect of financial reporting, overseeing internal control procedures and corporate governance of the Company, supervising internal control and risk management systems of the Company and monitoring continuing connected transactions.

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2022. The audit committee is of the opinion that the unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2022 complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, that adequate disclosures have been made.

By order of the Board  
**Bao Shen Holdings Limited**  
**Fan Baocheng**  
*Chairman and Executive Director*

Chuzhou City, the PRC, 11 November 2022

*As at the date of this announcement, our executive directors are Mr. Fan Baocheng and Mr. Zhou Zhen Dong; and our independent non-executive directors are Mr. Liang Chi, Mr. Ho Ka Chun and Mr. Chan Chun Chi.*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) 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 [www.baoshen.com.hk](http://www.baoshen.com.hk).*

\* *The English translation of Chinese name or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese name or words.*