



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019



INTERIM REPORT  
**2021**

## **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

- Unaudited turnover of the Group for the six months ended 30 June 2021 amounted to approximately RMB34,560,000 representing an increase of approximately 63.0% over the corresponding period in 2020.
- Loss attributable to owners of the Company for the six months ended 30 June 2021 was approximately RMB1,014,000.
- Loss per share for the six months ended 30 June 2021 was approximately RMB0.39 cents.
- The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2021.

## UNAUDITED INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months and the three months ended 30 June 2021, 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)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>Turnover</b>	3	<b>34,560</b>	21,197	<b>16,530</b>	12,221
Cost of sales		<b>(15,027)</b>	(5,794)	<b>(7,065)</b>	(4,271)
<b>Gross profit</b>		<b>19,533</b>	15,403	<b>9,465</b>	7,950
Other gains and losses	5	<b>(3,233)</b>	(1,199)	<b>(8,986)</b>	(54)
General and administrative expenses		<b>(14,337)</b>	(12,659)	<b>(7,092)</b>	(7,947)
<b>Profit/(loss) from operations</b>		<b>1,963</b>	1,545	<b>(6,613)</b>	(51)
Share of results of associates		<b>8</b>	(65)	<b>5</b>	(217)
Finance costs	6(a)	<b>(2,632)</b>	(2,252)	<b>(1,310)</b>	(1,133)
<b>Loss before taxation</b>	6	<b>(661)</b>	(772)	<b>(7,918)</b>	(1,401)
Income tax expenses	7	<b>(398)</b>	(41)	<b>(68)</b>	4
<b>Loss for the period</b>		<b>(1,059)</b>	(813)	<b>(7,986)</b>	(1,397)
<b>Loss for the period attributable to:</b>					
Owners of the Company		<b>(1,014)</b>	(807)	<b>(7,944)</b>	(1,394)
Non-controlling interests		<b>(45)</b>	(6)	<b>(42)</b>	(3)
<b>Loss per share</b>					
– Basic and diluted (RMB cents)	9	<b>(0.39)</b>	(0.38)	<b>(3.08)</b>	(0.65)

	Six months ended 30 June		Three months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Loss for the period</b>	<b>(1,059)</b>	(813)	<b>(7,986)</b>	(1,397)
<b>Other comprehensive income, net of income tax</b>				
Exchange differences on translating foreign operations	<b>(4,201)</b>	6,032	<b>(5,801)</b>	504
<b>Total comprehensive income/(loss) for the period</b>	<b>(5,260)</b>	5,219	<b>(13,787)</b>	(893)
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	<b>(5,215)</b>	5,225	<b>(13,745)</b>	(890)
Non-controlling interests	<b>(45)</b>	(6)	<b>(42)</b>	(3)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		(Unaudited) As at <b>30 June 2021</b> <i>RMB'000</i>	(Audited) As at 31 December 2020 <i>RMB'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipments		<b>2,483</b>	2,632
Goodwill		<b>1,997</b>	1,997
Right-of-use assets		–	17
Financial assets at fair value through other comprehensive income		<b>3,001</b>	3,181
Interest in associates		<b>4,057</b>	4,734
Loan receivables	<i>10</i>	<b>92,855</b>	126,065
		<b>104,393</b>	138,626
<b>Current assets</b>			
Trade, loan and other receivables, prepayments and deposits	<i>10</i>	<b>243,853</b>	213,349
Financial assets at fair value through profit or loss		<b>11,456</b>	6,905
Tax recoverable		<b>198</b>	198
Cash and bank balances		<b>4,697</b>	7,818
		<b>260,204</b>	228,270
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>6,969</b>	6,468
Lease liabilities		–	25
Tax payables		<b>762</b>	357
		<b>7,731</b>	6,850
<b>Net current assets</b>		<b>252,473</b>	221,420
<b>Total assets less current liabilities</b>		<b>356,866</b>	360,046
<b>Non-current liabilities</b>			
Bonds payables		<b>51,779</b>	49,699
		<b>51,779</b>	49,699
<b>Net assets</b>		<b>305,087</b>	310,347
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		<b>2,775</b>	43,630
Reserves		<b>315,742</b>	280,102
Equity attributable to owners of the Company		<b>318,517</b>	323,732
Non-controlling interests		<b>(13,430)</b>	(13,385)
<b>Total equity</b>		<b>305,087</b>	310,347

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

	Share capital RMB'000	Share premium RMB'000	Capital reduction reserve RMB'000	Share-based compensation reserve RMB'000	Financial assets at fair value through other comprehensive income reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
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	-	-	-	-	-	-	(807)	(807)	(6)	(813)
Exchange differences on translating foreign operations	-	-	-	-	-	6,032	-	6,032	-	6,032
Total comprehensive income/ (loss) for the six months ended 30 June 2020	-	-	-	-	-	6,032	(807)	5,225	(6)	5,219
At 30 June 2020	36,184	357,643	495,170	-	(11,465)	33,584	(543,774)	367,342	(13,374)	353,968
At 1 January 2021	43,630	358,848	495,170	1,432	(14,065)	7,255	(568,538)	323,732	(13,385)	310,347
Loss for the period	-	-	-	-	-	-	(1,014)	(1,014)	(45)	(1,059)
Exchange differences on translating foreign operation	-	-	-	-	-	(4,201)	-	(4,201)	-	(4,201)
Total comprehensive income/ (loss) for the year	-	-	-	-	-	(4,201)	(1,014)	(5,215)	(45)	(5,260)
Capital reduction (Note 1)	(40,855)	-	40,855	-	-	-	-	-	-	-
At 30 June 2021	2,775	358,848	536,025	1,432	(14,065)	3,054	(569,552)	318,517	(13,430)	305,087

### Note 1:

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net cash generated from operating activities	<b>7,230</b>	4,607
Net cash used in investing activities	<b>(11,339)</b>	–
Net cash used in financing activities	<b>(18)</b>	(2,252)
	<hr/>	
Net (decrease)/increase in cash and cash equivalents	<b>(4,127)</b>	2,355
Cash and cash equivalents, at 1 January	<b>7,818</b>	1,774
Effect of foreign exchange rate changes	<b>1,006</b>	(303)
	<hr/>	
Cash and cash equivalents, at 30 June	<b>4,697</b>	3,826
	<hr/>	
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>4,697</b>	3,826
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE 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, processing and trading of electronic parts business and sales of burial plots and cemetery maintenance services.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations promulgated by the International Accounting Standards Board (“IASB”). These interim financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

These unaudited consolidated financial information should be read in conjunction with Company’s 2020 Annual Report except for adoption of new and revised IFRSs which are effective to the Group for accounting periods beginning on or after 1 January 2021. 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, that have no material impact on the Group.

#### (b) Basis of measurement

These unaudited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### (c) Functional and presentation currency

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 entity operates (the “functional currency”). 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. All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and report amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. REVENUE

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

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income earned from				
the money lending business	<b>14,704</b>	14,906	<b>7,726</b>	7,729
Processing and trading of electronic parts	<b>11,281</b>	6,291	<b>6,159</b>	4,492
Sales of burial plots	<b>8,575</b>	–	<b>2,645</b>	–
<b>Total</b>	<b>34,560</b>	21,197	<b>16,530</b>	12,221

### 4. SEGMENT REPORTING

#### Segment revenues and results

	(Unaudited) For the six months ended 30 June							
	Money lending		Electronic parts		Burial business		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<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	<b>14,704</b>	14,906	<b>11,281</b>	6,291	<b>8,575</b>	–	<b>34,560</b>	21,197
<b>Result</b>								
Segment results	<b>6,584</b>	7,013	<b>1,011</b>	486	<b>1,597</b>	–	<b>9,192</b>	7,499
Unallocated corporate expenses							<b>(3,912)</b>	(4,755)
Loss on fair value of financial assets at fair value through profit or loss							<b>(3,367)</b>	(1,199)
Gain on disposal of financial assets at fair value through profit on loss							<b>50</b>	–
Profit from operations							<b>1,963</b>	1,545
Share of results of associates							<b>8</b>	(65)
Finance costs							<b>(2,632)</b>	(2,252)
Loss before taxation							<b>(661)</b>	(772)
Income tax expenses							<b>(398)</b>	(41)
<b>Loss for the period</b>							<b>(1,059)</b>	(813)

	(Unaudited)							
	For the three months ended 30 June							
	Money lending		Electronic parts		Burial business		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Turnover</b>								
External sales	<b>7,726</b>	7,729	<b>6,159</b>	4,492	<b>2,645</b>	-	<b>16,530</b>	12,221
<b>Result</b>								
Segment results	<b>2,938</b>	3,494	<b>561</b>	214	<b>272</b>	-	<b>3,771</b>	3,708
Unallocated corporate expenses							<b>(1,384)</b>	(3,705)
Loss on fair value of financial assets at fair value through profit or loss							<b>(9,000)</b>	(54)
Loss from operations							<b>(6,613)</b>	(51)
Share of results of associates							<b>5</b>	(217)
Finance costs							<b>(1,310)</b>	(1,133)
Loss before taxation							<b>(7,918)</b>	(1,401)
Income tax expenses							<b>(68)</b>	4
Loss for the period							<b>(7,986)</b>	(1,397)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2020: Nil).

	Money lending		Electronic parts		Burial business		Consolidated	
	(Unaudited) As at	(Audited) As at	(Unaudited) As at	(Audited) As at	(Unaudited) As at	(Audited) As at	(Unaudited) As at	(Audited) As at
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>								
Segment assets	296,706	305,281	15,966	16,251	19,026	18,554	331,698	340,086
Unallocated corporate assets							32,899	26,810
							<b>364,597</b>	<b>366,896</b>
<b>Liabilities</b>								
Segment liabilities	416	446	1,830	1,900	757	1,125	3,003	3,471
Unallocated corporate liabilities							56,507	53,078
							<b>59,510</b>	<b>56,549</b>

For the purposes of monitoring segment performance and allocating resources between segments:

Segment assets do not include interests in associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, tax recoverable, deferred tax assets and other unallocation head office and corporate assets.

Segment liabilities do not include tax payables and other unallocated head office and corporate liabilities.

## 5. OTHER GAINS AND LOSSES

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Loss on fair value of financial assets at fair value through profit or loss	(3,367)	(1,199)	(9,000)	(54)
Gain on disposal of financial assets at fair value through profit on loss	50	–	–	–
Sundry income	84	–	14	–
	<b>(3,233)</b>	<b>(1,199)</b>	<b>(8,986)</b>	<b>(54)</b>

**6. LOSS BEFORE TAXATION**

Loss from ordinary activities before taxation is arrived at after charging:

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>(a) Finance costs</b>				
Interest on unsecured bonds	<b>2,632</b>	2,252	<b>1,310</b>	1,133
<b>(b) Staff costs (including directors' remuneration)</b>				
Contributions to defined contribution plans	<b>24</b>	29	<b>11</b>	14
Salaries, wages and other benefits	<b>991</b>	1,171	<b>495</b>	631
Total staff costs	<b>1,015</b>	1,200	<b>506</b>	645
<b>(c) Other items</b>				
Depreciation	<b>331</b>	506	<b>100</b>	255
Depreciation on right-of-use assets	<b>10</b>	40	<b>10</b>	40
Auditors' remuneration	<b>258</b>	432	<b>128</b>	217
Cost of inventories sold	<b>15,027</b>	5,794	<b>7,065</b>	4,271

## 7. INCOME TAX EXPENSES

Income tax expenses in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax				
Hong Kong	–	41	–	(4)
PRC Enterprises Income Tax	<b>399</b>	–	<b>68</b>	–
	<b>399</b>	41	<b>68</b>	(4)
Over-provision in prior year – Hong Kong	<b>(1)</b>	–	–	–
	<b>398</b>	41	<b>68</b>	(4)

### (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% (2020: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% in respect of the Period (2020: 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 (2020: 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 (2020: 25%).

## 8. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

**9. LOSS PER SHARE**

The calculation of basic loss per share for the three months ended 30 June 2021 was based on the loss for the period attributable to owners of the Company of approximately RMB7,944,000 (2020: RMB1,394,000) and on the weighted average number of ordinary shares of approximately 257,572,058 shares (2020: 214,652,058 shares).

The calculation of basic loss per share for the six months ended 30 June 2021 was based on the loss for the period attributable to owners of the Company of approximately RMB1,014,000 (2020: RMB807,000) and on the weighted average number of ordinary shares of approximately 257,572,058 shares (2020: 214,652,058 shares).

The outstanding share options for the three months ended 30 June 2021 and 2020; and six months ended 30 June 2021 and 2020 have an anti-dilutive effect on the basic earnings per share.

**10. TRADE, LOAN AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS**

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors	<b>11,102</b>	10,261
Loan receivables (note)	<b>299,594</b>	300,161
Other receivables	<b>2,225</b>	4,730
Rental and other deposits	<b>4,399</b>	4,723
Prepayments	<b>19,388</b>	19,539
	<b>336,708</b>	339,414
Less: Non-current portion		
– Loan receivables (note)	<b>(92,855)</b>	(126,065)
	<b>243,853</b>	213,349

Note:

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. Loan receivables include both secured and unsecured loans to individuals and corporate customers. Secured loan receivables are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group's customers.

**Ageing analysis of trade debtors and loan receivables**

Included in trade receivables are trade debtors and loan receivables with the following ageing analysis based on invoice date and inception of such loans as of the end of the reporting period:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Less than 90 days	<b>55,403</b>	41,948
91 to 180 days	<b>32,687</b>	29,106
Over 180 days	<b>266,497</b>	281,398
	<b>354,587</b>	352,452
Less: allowance for expected credit losses	<b>(43,891)</b>	(42,030)
	<b>310,696</b>	310,422

Customers are generally granted with credit term of 90 to 120 days (2020: 90 to 120 days).

The loan to customers were repaid in accordance with the terms of the loan agreements.

**11. TRADE AND OTHER PAYABLES**

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Trade creditors	<b>1,833</b>	1,904
Accrued expenses and other payables	<b>5,136</b>	4,564
	<b>6,969</b>	6,468

Included in trade and other payables are trade creditors with the following ageing analysis:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>801</b>	538
Over 30 days	<b>1,032</b>	1,366
	<b>1,833</b>	1,904

The average credit period on purchases of goods is 60 to 90 days (2020: 60 to 90 days).



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 30 June 2021 (the "Period"), the Group recorded an unaudited consolidated turnover of approximately RMB34,560,000 (2020: RMB21,197,000), which represented an increase of approximately 63.0% as compared with that of 2020.

The increase of turnover was mainly attributed to the increase in revenue the processing and trading of electronic parts and burial business which commenced since 2020. The income from processing and trading of electronic parts business has increased by approximately RMB4,990,000 or 79.3% to approximately RMB11,281,000 (2020: RMB6,291,000). The increase was due to the demand rebound in the PRC. Meanwhile, the revenue generated from the burial business was approximately RMB8,575,000. During the Period, the demand in the loan market remained stable, the Group recorded a slightly decrease of by approximately RMB202,000 or 1.4% in revenue from money lending business as compared with the corresponding period in 2020. The Group has derived interest income from our loan portfolio of approximately RMB14,704,000 for the Period (2020: RMB14,906,000).

The gain/loss on financial assets at fair value through profit or loss were mainly attributed to net unrealised loss of approximately RMB3,367,000 (2020: RMB1,199,000) from the listed securities portfolio held by the Group and a net realised gain of approximately RMB50,000 from the listed securities for the Period.

The general and administrative expenses for the Period increased by approximately RMB1,678,000 or 13.3% as compared with the corresponding period in 2020. The increase was mainly attributed to more corporate expenses incurred during the Period.

Finance costs for the Period has increased by approximately RMB380,000 or 16.9% from approximately RMB2,252,000 to RMB2,632,000 which mainly represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to RMB1,014,000 (2020: RMB807,000), which represented approximately RMB207,000 or 25.7% increase as compared with the corresponding period in 2020. The loss incurred was mainly attributable to the loss on financial assets at fair value through profit or loss.

## BUSINESS REVIEW AND FUTURE PROSPECT

During the Period, the Group continued engaging in the money lending business and processing and trading of electronic parts business and the burial 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 RMB14,704,000 during the Period, which represented approximately 42.6% 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 RMB11,281,000 during the Period, which represented 32.6% of the total revenue. Since 2020, the Group captured business opportunities to expand into the death care service industry which has increasing demand in recent years in the PRC. The Group commenced the burial business which included the sale of burial plots and cemetery maintenance services. Revenue earned from the burial business was approximately RMB8,575,000 during the Period, which represented 24.8% of the total revenue.

Looking forward, the Group will continue to dedicate efforts on the processing and trading of electronic parts business with the view to achieving product upgrade and takes various cost-savings and quality improvement measures for the business. The Group is confident that it will be well positioned in facing the upcoming challenges and preserving long-term profitability growth for its shareholders. The Group would also explore other potential investment opportunities in order to broaden our income sources.

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, the Group had current assets of approximately RMB260,204,000 (31 December 2020: RMB228,270,000) and the current liabilities of approximately RMB7,731,000 (31 December 2020: RMB6,850,000). The Group's current ratio, calculated based on current assets over the current liabilities, was at a healthy level of approximately 33.7 times as at 30 June 2021 (31 December 2020: 33.3 times).

As at 30 June 2021, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 16.3% (31 December 2020: 15.4%).

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 at the date of this report is of the view 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 Hong Kong dollars and Renminbi. 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'S ASSETS

As at 30 June 2021, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2020: Nil).

## CAPITAL COMMITMENT

As at 30 June 2021, the Group did not have any material capital commitment (31 December 2020: 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 June 2021.

## EMPLOYEE INFORMATION

As at 30 June 2021, the Group has 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 RMB1,015,000 for the Period (2020: RMB1,200,000).

## 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 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 June 2021, the Group did not have any material contingent liabilities (31 December 2020: 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 June 2021, 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 June 2021, 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 June 2021, there were outstanding 21,460,000 options.

Details of the outstanding options under the Share Option Scheme are as follows:

Details of grantees	Date granted	Period during which options are exercisable	No. of options outstanding as at 1 January 2021	Granted during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2021	Exercise price per share
Directors and Employees	8 October 2020	8 October 2020 to 7 October 2022	21,460,000	-	-	-	21,460,000	HK\$0.20

No share option had been granted, exercised, cancelled nor lapsed during the period.

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

As at 30 June 2021, save for the Share Option Scheme, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

## COMPETING INTEREST

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

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

Since the date of publication of the 2020 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 Chairperson of the Audit Committee. The Audit Committee meets at least quarterly. The Group's unaudited interim 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 SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares 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

The Group has no material events after the reporting period.

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

10 August 2021

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

*Executive Directors:*

Ms. TSUI Annie  
Mr. FENG Keming

*Independent non-executive Directors:*

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