



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 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.**

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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 2022 amounted to approximately RMB29,870,000 representing a decrease of approximately 13.6% over the corresponding period in 2021.
- Loss attributable to owners of the Company for the six months ended 30 June 2022 was approximately RMB5,197,000.
- Loss per share for the six months ended 30 June 2022 was approximately RMB1.90 cents.
- The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2022.

## 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 2022, 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	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
<b>Turnover</b>	3	<b>29,870</b>	34,560	<b>14,872</b>	16,530
Cost of sales		<b>(11,239)</b>	(15,027)	<b>(5,485)</b>	(7,065)
<b>Gross profit</b>		<b>18,631</b>	19,533	<b>9,387</b>	9,465
Other gains and losses	5	<b>(8,420)</b>	(3,233)	<b>(1,734)</b>	(8,986)
General and administrative expenses		<b>(12,839)</b>	(14,337)	<b>(8,553)</b>	(7,092)
<b>(Loss)/profit from operations</b>		<b>(2,628)</b>	1,963	<b>(900)</b>	(6,613)
Share of results of associates		<b>81</b>	8	<b>41</b>	5
Finance costs	6(a)	<b>(2,576)</b>	(2,632)	<b>(1,292)</b>	(1,310)
<b>Loss before taxation</b>	6	<b>(5,123)</b>	(661)	<b>(2,151)</b>	(7,918)
Income tax expenses	7	<b>(74)</b>	(398)	<b>45</b>	(68)
<b>Loss for the period</b>		<b>(5,197)</b>	(1,059)	<b>(2,106)</b>	(7,986)
<b>Other comprehensive income, net of income tax</b>					
Exchange differences on translating foreign operations		<b>14,355</b>	(4,201)	<b>17,171</b>	(5,801)
<b>Total comprehensive income/(loss) for the period</b>		<b>9,158</b>	(5,260)	<b>15,065</b>	(13,787)

	Six months ended		Three months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Loss for the period attributable to:</b>				
Owners of the Company	<b>(5,197)</b>	(1,014)	<b>(2,106)</b>	(7,944)
Non-controlling interests	-	(45)	-	(42)
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	<b>9,158</b>	(5,215)	<b>15,065</b>	(13,745)
Non-controlling interests	-	(45)	-	(42)
<b>Loss per share</b>				
- Basic and diluted (RMB cents)	9	<b>(1.90)</b>	(0.39)	<b>(0.73)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2022 <i>RMB'000</i>	(Audited) As at 31 December 2021 <i>RMB'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipments		10,084	10,698
Financial assets at fair value through other comprehensive income		1,094	1,047
Interest in associates		3,681	3,602
Loan receivables	10	99,577	153,677
		<b>114,436</b>	169,024
<b>Current assets</b>			
Trade, loan and other receivables, prepayments and deposits	10	266,778	162,546
Financial assets at fair value through profit or loss		15,859	23,465
Tax recoverable		198	198
Cash and bank balances		5,844	5,613
		<b>288,679</b>	191,822
<b>Current liabilities</b>			
Trade and other payables	11	31,524	21,284
Bonds payables		-	12,889
Tax payables		136	58
		<b>31,660</b>	34,231
<b>Net current assets</b>		<b>257,019</b>	157,591
<b>Total assets less current liabilities</b>		<b>371,455</b>	326,615
<b>Non-current liabilities</b>			
Bonds payables		56,060	35,352
Deferred tax liabilities		888	888
		<b>56,948</b>	36,240
<b>Net assets</b>		<b>314,507</b>	290,375
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		3,395	2,775
Reserves		324,665	301,153
Equity attributable to owners of the Company		<b>328,060</b>	303,928
Non-controlling interests		<b>(13,553)</b>	(13,553)
<b>Total equity</b>		<b>314,507</b>	290,375

## 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 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
At 1 January 2022	2,775	358,848	536,025	1,432	(16,136)	(1,049)	(577,967)	303,928	(13,553)	290,375
Loss for the period	-	-	-	-	-	-	(5,197)	(5,197)	-	(5,197)
Exchange differences on translating foreign operation	-	-	-	-	-	14,355	-	14,355	-	14,355
Total comprehensive income/ (loss) for the year	-	-	-	-	-	14,355	(5,197)	9,158	-	9,158
Recognition of equity-settled shared-based payments	-	-	-	1,975	-	-	-	1,975	-	1,975
Placing of new shares	439	8,974	-	-	-	-	-	9,413	-	9,413
Issue of share upon exercise of share options	181	4,836	-	(1,431)	-	-	-	3,586	-	3,586
At 30 June 2022	3,395	372,658	536,025	1,976	(16,136)	13,306	(583,164)	328,060	(13,553)	314,507

### 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)

	Six months ended 30 June	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net cash (used in)/generated from operating activities	<b>(19,034)</b>	7,230
Net cash used in investing activities	–	(11,339)
Net cash generated from/(used in) financing activities	<b>17,037</b>	(18)
Net decrease in cash and cash equivalents	<b>(1,997)</b>	(4,127)
Cash and cash equivalents, at 1 January	<b>5,613</b>	7,818
Effect of foreign exchange rate changes	<b>2,228</b>	1,006
Cash and cash equivalents, at 30 June	<b>5,844</b>	4,697
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<b>5,844</b>	4,697



## 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 2021. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The address of its principal place of business is Level 12, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan Hong Kong.

The Group is primarily engaged in the money lending, processing and trading of electronic parts and the provision of beauty treatment services business.

### 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 2021 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 2022. 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 any goods returns and trade discounts, (ii) interest income earned from the money lending business, (iii) provision of beauty treatment services and (iv) sales of burial plots.

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2022	2021	2022	2021
	<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>14,847</b>	14,704	<b>7,979</b>	7,726
Processing and trading of electronic parts	<b>10,437</b>	11,281	<b>3,910</b>	6,159
Provision of beauty treatment services	<b>4,586</b>	–	<b>2,983</b>	–
Sales of burial plots	–	8,575	–	2,645
<b>Total</b>	<b>29,870</b>	34,560	<b>14,872</b>	16,530

### 4. SEGMENT REPORTING

#### Segment revenues and results

	(Unaudited) For the six months ended 30 June									
	Money lending		Electronic parts		Beauty business		Burial business		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<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>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Turnover</b>										
External sales	<b>14,847</b>	14,704	<b>10,437</b>	11,281	<b>4,586</b>	–	–	8,575	<b>29,870</b>	34,560
<b>Result</b>										
Segment results	<b>4,785</b>	6,584	<b>1,788</b>	1,011	<b>980</b>	–	–	1,597	<b>7,553</b>	9,192
Unallocated corporate expenses									<b>(1,754)</b>	(3,912)
Loss on fair value of financial assets at fair value through profit or loss									<b>(8,427)</b>	(3,367)
Gain on disposal of financial assets at fair value through profit or loss									–	50
Loss from operations									<b>(2,628)</b>	1,963
Share of results of associates									<b>81</b>	8
Finance costs									<b>(2,576)</b>	(2,632)
Loss before taxation									<b>(5,123)</b>	(661)
Income tax expenses									<b>(74)</b>	(398)
Loss for the period									<b>(5,197)</b>	(1,059)

	(Unaudited)									
	For the three months ended 30 June									
	Money lending		Electronic parts		Beauty business		Burial business		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Turnover</b>										
External sales	7,979	7,726	3,910	6,159	2,983	-	-	2,645	14,872	16,530
<b>Result</b>										
Segment results	2,025	2,938	723	561	256	-	-	272	3,004	3,771
Unallocated corporate expenses									(2,163)	(1,384)
Loss on fair value of financial assets at fair value through profit or loss									(1,741)	(9,000)
Loss from operations									(900)	(6,613)
Share of results of associates									41	5
Finance costs									(1,292)	(1,310)
Loss before taxation									(2,151)	(7,918)
Income tax expenses									45	(68)
Loss for the period									(2,106)	(7,986)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2021: Nil).

	Money lending		Electronic parts		Beauty business		Burial business		Consolidated	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Assets</b>										
Segment assets	339,706	293,772	8,090	8,182	12,397	9,837	3,025	9,863	363,218	321,654
Unallocated corporate assets									39,897	39,192
									403,115	360,846
<b>Liabilities</b>										
Segment liabilities	21,306	14,234	1,288	1,471	4,636	1,298	-	-	27,230	17,003
Unallocated corporate liabilities									61,378	53,468
									88,608	70,471

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**

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the six months ended</b>		<b>For the three months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	
Loss on fair value of financial assets at fair value through profit or loss	<b>(8,427)</b>	(3,367)	<b>(1,741)</b>	(9,000)
Gain on disposal of financial assets at fair value through profit on loss	–	50	–	–
Sundry income	<b>7</b>	84	<b>7</b>	14
	<b>(8,420)</b>	(3,233)	<b>(1,734)</b>	(8,986)

**6. LOSS BEFORE TAXATION**

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

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the six months ended</b>		<b>For the three months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	
<b>(a) Finance costs</b>				
Interest on unsecured bonds	<b>2,576</b>	2,632	<b>1,292</b>	1,310
<b>(b) Staff costs</b>				
<b>(including directors' remuneration)</b>				
Contributions to defined contribution plans	<b>21</b>	24	<b>8</b>	11
Salaries, wages and other benefits	<b>2,892</b>	991	<b>2,426</b>	495
Total staff costs	<b>2,913</b>	1,015	<b>2,434</b>	506
<b>(c) Other items</b>				
Depreciation	<b>1,062</b>	331	<b>543</b>	100
Depreciation on right-of-use assets	–	10	–	10
Auditors' remuneration	<b>257</b>	258	<b>131</b>	128
Cost of inventories sold	<b>11,239</b>	15,027	<b>5,485</b>	7,065

## 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	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax				
Hong Kong	75	–	(44)	–
PRC Enterprises Income Tax	–	399	–	68
	<b>75</b>	399	<b>(44)</b>	68
Over-provision in prior year – Hong Kong	<b>(1)</b>	(1)	<b>(1)</b>	–
	<b>74</b>	398	<b>(45)</b>	68

### (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% (2021: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% in respect of the Period (2021: 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 (2021: 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 (2021: 25%).

## 8. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

**9. LOSS PER SHARE**

The calculation of basic loss per share for the three months ended 30 June 2022 was based on the loss for the period attributable to owners of the Company of approximately RMB2,106,000 (2021: RMB7,944,000) and on the weighted average number of ordinary shares of approximately 288,579,750 shares (2021: 257,572,058 shares).

The calculation of basic loss per share for the six months ended 30 June 2022 was based on the loss for the period attributable to owners of the Company of approximately RMB5,197,000 (2021: RMB1,014,000) and on the weighted average number of ordinary shares of approximately 273,161,560 shares (2021: 257,572,058 shares).

The outstanding share options for the three months ended 30 June 2022 and 2021; and six months ended 30 June 2022 and 2021 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
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Trade debtors	<b>10,136</b>	4,034
Loan receivables (note)	<b>335,008</b>	291,482
Other receivables	<b>14,194</b>	13,871
Rental and other deposits	<b>4,501</b>	4,306
Prepayments	<b>2,516</b>	2,530
	<b>366,355</b>	316,223
Less: Non-current portion		
– Loan receivables (note)	<b>(99,577)</b>	(153,677)
	<b>266,778</b>	162,546

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>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Less than 90 days	<b>63,266</b>	80,294
91 to 180 days	<b>12,842</b>	12,005
Over 180 days	<b>328,418</b>	260,880
	<b>404,526</b>	353,179
Less: allowance for expected credit losses	<b>(59,382)</b>	(57,663)
	<b>345,144</b>	295,516

Customers are generally granted with credit term of 90 to 120 days (2021: 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>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Trade creditors	<b>4,135</b>	1,474
Accrued expenses and other payables	<b>27,389</b>	19,810
	<b>31,524</b>	21,284

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>2022</b>	2021
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>3,046</b>	150
Over 30 days	<b>1,089</b>	1,324
	<b>4,135</b>	1,474

The average credit period on purchases of goods is 60 to 90 days (2021: 60 to 90 days).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 30 June 2022 (the “**Period**”), the Group recorded an unaudited consolidated turnover of approximately RMB29,870,000 (2021: RMB34,560,000), which represented a decrease of approximately 13.6% as compared with that of 2021.

The decrease of turnover was primary attributable to no revenue has been generated from the downsized burial business since the third quarter of 2021. Due to the decrease in demand in the PRC, the income from processing and trading of electronic parts business dropped by approximately RMB844,000 or 7.5% to approximately RMB10,437,000 (2021: RMB11,281,000). The revenue generated from the provision of beauty treatment services business which commenced in 2021 was approximately RMB4,586,000. The demand in the loan market remained stable, the Group recorded a slightly increase of approximately RMB143,000 or 1.0% in revenue from money lending business as compared with the corresponding period in 2021. The Group has derived interest income from our loan portfolio of approximately RMB14,847,000 for the Period (2021: RMB14,704,000).

The loss on fair value of financial assets at fair value through profit or loss were mainly attributed to net unrealised loss of approximately RMB8,427,000 (2021: RMB3,367,000) from the listed securities portfolio held by the Group.

The general and administrative expenses for the Period decreased by approximately RMB1,498,000 or 10.4% as compared with the corresponding period in 2021. The decrease was mainly attributed to less corporate expenses incurred during the Period.

Finance costs for the Period has decreased by approximately RMB56,000 or 2.1% from approximately RMB2,632,000 to RMB2,576,000 which mainly represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to RMB5,197,000 (2021: RMB1,014,000), which represented approximately RMB4,183,000 or 412.5% increase as compared with the corresponding period in 2021. The loss incurred was mainly attributable to the loss on fair value of financial assets at fair value through profit or loss.



## **BUSINESS REVIEW AND FUTURE PROSPECT**

During the Period, the Group continued to focus on the money lending business and processing and trading of electronic parts business and the provision on beauty treatment services business which commence in 2021. 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 RMB14,847,000 during the Period, which represented approximately 49.7% of the total revenue. The business segment for processing and trading of electronic parts of the Group engaged in sourcing, processing, and sales of computer-related and smartphone-related electronic parts and components, such as CPU, LED screen panel, hard-disk, and smartphone chipsets and lens. Revenue earned from the processing and trading of electronic parts business was approximately RMB10,437,000 during the Period, which represented 34.9% of the total revenue. In 2021, the Group started a new business segment on the provision of beauty treatment services business included the non-surgical medical aesthetic services and traditional beauty services which has contributed revenue of approximately RMB4,586,000 to the Group, which represented 15.4% of the total revenue. Meanwhile, the Group reduced the scale of the burial business which included the sale of burial plots and cemetery maintenance services since the third quarter of 2021. In the view of the poor performance of the burial business, the Group minimise the capital expenditure and cut the unnecessary costs during the Period.

Looking forward, the Group considers that it is vital and necessary for the Group to dedicate more efforts on the provision of beauty treatment services business and processing and trading of electronic parts business with the view to further expand the business and takes various cost-savings and operational improvement measures for the business.

## **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2022, the Group had current assets of approximately RMB288,679,000 (31 December 2021: RMB191,822,000) and the current liabilities of approximately RMB31,660,000 (31 December 2021: RMB34,231,000). The Group's current ratio, calculated based on current assets over the current liabilities, was at a healthy level of approximately 9.1 times as at 30 June 2022 (31 December 2021: 5.6 times).

As at 30 June 2022, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 22.0% (31 December 2021: 19.5%).

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 2022, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2021: Nil).

## CAPITAL COMMITMENT

As at 30 June 2022, the Group did not have any material capital commitment (31 December 2021: Nil).

## PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 5 May 2022, 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, up to 51,500,000 placing shares at the placing price of HK\$0.22 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties. The placing was completed on 23 May 2022 and the net proceeds of the placing were approximately HK\$11.05 million. As at 30 June 2022, the net proceeds were fully utilised for the bond repayment as intended. For details, please refer to the Company's announcement dated 5 May 2022 and 23 May 2022.

## 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 2022.

## EMPLOYEE INFORMATION

As at 30 June 2022, 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 RMB2,913,000 for the Period (2021: RMB1,015,000).

## CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: 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 2022, 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, are as follows:

#### LONG POSITIONS IN THE COMPANY

Name of Director	Capacity	Number of issued shares	Number of unlisted share options	Total	Approximately percentage of shareholding
Ms. Tsui Annie	Beneficial owner	–	6,000	6,000	0.01%
Mr. Feng Keming	Beneficial owner	2,140,000	6,000	2,146,000	0.65%
Ms. Ho Yuen Ki	Beneficial owner	2,140,000	6,000	2,146,000	0.65%

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

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

As at 30 June 2022, 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 cancelled nor lapsed. As at 30 June 2022, there were outstanding 25,817,000 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 30 June 2022	Exercise price per share	Weighted average closing price per share immediately before the date on which the options were exercised
			outstanding as at 1 January 2022	Exercised during the Period	Granted during the Period	Cancelled/ lapsed during the Period			
<b>Category: Directors</b>									
Ms. Tsui Annie	8 October 2020	8 October 2020 to 7 October 2022	2,146,000	(2,140,000)	-	-	6,000	HK\$0.20	HK\$0.22
Mr. Feng Keming	8 October 2020	8 October 2020 to 7 October 2022	2,146,000	(2,140,000)	-	-	6,000	HK\$0.20	HK\$0.22
Ms. Ho Yuen Ki	8 October 2020	8 October 2020 to 7 October 2022	2,146,000	(2,140,000)	-	-	6,000	HK\$0.20	HK\$0.22
<b>Category: Employees</b>									
Employees	8 October 2020	8 October 2020 to 7 October 2022	15,022,000	(14,980,000)	-	-	42,000	HK\$0.20	HK\$0.22
	8 April 2022	8 April 2022 to 7 April 2024	-	-	25,757,000	-	25,757,000	HK\$0.25	-
			21,460,000	(21,400,000)	25,757,000	-	25,817,000		

*Note:*

- (i) All share options granted were vested immediately.
- (ii) The closing price of the securities immediately before the date on which the options were granted was HK\$0.25.

The estimate of the fair value of the share options granted during the Period is measured based on a binomial option pricing model on the date which the options were granted, i.e. 8 April 2022. Fair value of share options granted and assumptions are as follows:

	<b>Employees</b>
Fair value of each share option at grant date	HK\$0.0945
Share price of each share at grant date	HK\$0.25
Exercise price of each share option	HK\$0.25
Expected volatility	90.18%
Option life	2 years
Expected dividend yield	0%
Risk-free interest rate	1.94%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Based on the fair values derived from the above pricing model, the fair value of the share options granted on 8 April 2022 was approximately HK\$2,434,000 (equivalent to approximately RMB1,975,000), such amount has been charged as share-based compensation expenses to profit or loss for the Period.

There was no market vesting condition or non-market performance condition associated with the options granted.

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

As at 30 June 2022, 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 2021 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 as contained in Part 2 of Appendix 15 to 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, the Board will continue to review the current situation from time to time and shall make necessary changes when appropriate.

## 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 2022

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