



2023

FIRST QUARTERLY
REPORT



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Hao Wen Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Turnover of the Group for the three months ended 31 March 2023 was approximately RMB13,701,000 representing a decrease of approximately 8.6% as compared with that of the corresponding period in 2022.
- Loss attributable to owners of the Company for the three months ended 31 March 2023 was approximately RMB508,000.
- Loss per share was approximately RMB0.143 cents.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2023.

UNAUDITED FINANCIAL RESULTS

The board of directors of the Company (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2023 (the “Period”), 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)

For the three months ended 31 March 2023

	Notes	For the three months ended 31 March	
		2023 RMB'000	2022 RMB'000
Revenue	3	13,701	14,998
Cost of sales		(6,145)	(5,754)
Gross profit		7,556	9,244
Other gains and losses	5	56	(6,686)
General and administrative expenses		(7,089)	(4,286)
Profit/(Loss) from operations		523	(1,728)
Share of results of associates		–	40
Finance costs	6(a)	(1,031)	(1,284)
Loss before taxation	6	(508)	(2,972)
Income tax expenses	7	–	(119)
Loss for the period		(508)	(3,091)
Other comprehensive loss, net of tax			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(6,238)	(2,816)
Total comprehensive loss for the period		(6,746)	(5,907)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) (Continued)

For the three months ended 31 March 2023

	Note	For the three months ended 31 March	
		2023 RMB'000	2022 RMB'000
Loss for the period attributable to:			
Owners of the Company		(508)	(3,091)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(6,746)	(5,907)
Loss per share			
– Basic and diluted (RMB cents)	8	(0.143)	(1.200)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 1 August 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands, and its shares have been listed on GEM of the Stock Exchange with effect from 20 July 2001. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Level 12, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong.

The Group is primarily engaged in the money lending and processing and trading of electronic parts.

The functional currencies of the Company and its major subsidiaries are Hong Kong dollars and Renminbi ("RMB"). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS"). The unaudited condensed consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The condensed consolidated financial information should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 31 December 2022 except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which are effective for the accounting periods beginning on or after 1 January 2023 and relevant to its operations. The adoption of the new IFRSs has no material impact on the Group's results and financial position for current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current period, which has no material impact on the Group.

3. 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 and (iii) provision of beauty treatment services.

	(Unaudited) For the three months ended 31 March	
	2023	2022
	RMB'000	RMB'000
Interest income earned from the money lending business	7,022	6,868
Processing and trading of electronic parts	6,679	6,527
Provision of beauty treatment services	–	1,603
	<hr/>	<hr/>
Total	13,701	14,998

4. SEGMENT REPORTING

Segment revenues and results

	(Unaudited)							
	For the three months ended 31 March							
	Money lending		Electronic parts		Beauty business		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue								
External sales	7,022	6,868	6,679	6,527	-	1,603	13,701	14,998
Results								
Segment results	698	2,760	534	1,065	-	724	1,232	4,549
Unallocated corporate expenses							(765)	409
Gain/(Loss) on fair value of financial assets at fair value through profit or loss							56	(6,686)
Profit/(Loss) from operations							523	(1,728)
Share of results of associates							-	40
Finance costs							(1,031)	(1,284)
Loss before taxation							(508)	(2,972)
Income tax expenses							-	(119)
Loss for the period							(508)	(3,091)

5. OTHER GAINS AND LOSSES

	(Unaudited)	
	For the three months ended 31 March	
	2023	2022
	RMB'000	RMB'000
Gain/(loss) on fair value of financial assets at fair value through profit or loss	56	(6,686)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	(Unaudited) For the three months ended 31 March	
	2023 RMB'000	2022 RMB'000
(a) Finance costs		
Interest on unsecured bonds	1,031	1,284
(b) Staff costs (including director's emoluments)		
– Contributions to defined contribution plans	12	13
– Salaries, wages and other benefits	419	466
Total staff costs	431	479
(c) Other items		
Depreciation	102	519
Auditors' remuneration	136	126
Cost of inventories sold	6,145	5,754

7. INCOME TAX EXPENSES

	(Unaudited) For the three months ended 31 March	
	2023 RMB'000	2022 RMB'000
Current tax		
Hong Kong	–	119

(i) Hong Kong profits tax

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2022: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% in respect of the Period (2022: 16.5%). The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% in respect of the Period (2022: 16.5%).

(ii) Income taxes outside Hong Kong

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Company and the Company's subsidiaries registered in the BVI are not subject to any income tax in the Cayman Islands and BVI, respectively.

The subsidiary of the Company established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25% in respect of the Period (2022: 25%).

8. LOSS PER SHARE**(a) Basic loss per share**

The calculation of the basic loss per share for the period is based on the following data:

	(Unaudited) For the three months ended 31 March	
	2023 RMB'000	2022 RMB'000
Loss		
Loss for the purposes of basic loss per share, loss for the three months period attributable to the owners of the Company	(508)	(3,091)

	(Unaudited) For the three months ended 31 March	
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	356,072	257,572

(b) Diluted loss per share

The outstanding share options for the three months ended 31 March 2023 and 2022 have an anti-dilutive effect on the basic loss per share.

9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Capital reduction reserve	Share-based compensation reserve	Financial asset at fair value through other comprehensive income reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	2,775	358,848	536,025	1,432	(16,136)	(1,049)	(577,967)	303,928	(13,553)	290,375
Loss for the period	-	-	-	-	-	-	(3,091)	(3,091)	-	(3,091)
Exchange differences on translating foreign operation	-	-	-	-	-	(2,816)	-	(2,816)	-	(2,816)
Total comprehensive loss for the three months ended 31 March 2022	-	-	-	-	-	(2,816)	(3,091)	(5,907)	-	(5,907)
At 31 March 2022	2,775	358,848	536,025	1,432	(16,136)	(3,865)	(581,058)	298,021	(13,553)	284,468
At 1 January 2023	3,614	379,917	536,025	12	(17,273)	23,539	(630,752)	295,082	-	295,082
Loss for the period	-	-	-	-	-	-	(508)	(508)	-	(508)
Exchange differences on translating foreign operation	-	-	-	-	-	(6,238)	-	(6,238)	-	(6,238)
Total comprehensive loss for the three months ended 31 March 2023	-	-	-	-	-	(6,238)	(508)	(6,746)	-	(6,746)
At 31 March 2023	3,614	379,917	536,025	12	(17,273)	17,301	(631,260)	288,336	-	288,336

10. DIVIDEND

The board of directors do not recommend the payment of any dividend for the Period (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the Period, the Group recorded an unaudited consolidated revenue of approximately RMB13,701,000 (2022: RMB14,998,000), which represented a drop of approximately 8.6% as compared with that of 2022.

The decrease of revenue was mainly due to no revenue has been generated from the beauty treatment services business since the late 2022. Due to the increase in demand in the People's Republic of China ("PRC"), the income from processing and trading of electronic parts business increased by approximately RMB152,000 or 2.3% to approximately RMB6,679,000 (2022: RMB6,527,000). The demand in the loan market remained stable, the revenue from money lending business slightly increased by approximately RMB154,000 or 2.2% as compared with the corresponding period in 2022. The Group has derived interest income from our loan portfolio of approximately RMB7,022,000 for the Year (2022: RMB6,868,000).

The gain/loss on financial assets at fair value through profit or loss were turnaround from a net loss of approximately RMB6,686,000 to a net gain of approximately RMB56,000 from the listed securities portfolio held by the Group.

The general and administrative expenses for the Period increased by approximately RMB2,803,000 or 65.4% from approximately RMB4,286,000 to approximately RMB7,089,000. The increase was mainly attributed to more corporate exercises incurred during the Period.

The finance costs for the Period has decreased by approximately RMB253,000 or 19.7% from approximately RMB1,284,000 to RMB1,031,000 which mainly represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to approximately RMB508,000 (2022: RMB3,091,000), which represented approximately RMB2,583,000 or 83.6% decrease as compared with the corresponding period. The drop was mainly due to the net unrealised gain on financial assets at fair value through profit or loss.

BUSINESS REVIEW AND FUTURE PROSPECT

During the Period, the Group continued to focus on the money lending business and processing and trading of electronic parts business.

The Group engaged in money lending business by providing both secured and unsecured loans to individuals and corporate customers. We provide personal loans, mortgage loans and corporate loans. Interest income earned from the money lending business was approximately RMB7,022,000 during the Period, which represented approximately 51.3% 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 RMB6,679,000 during the Period, which represented 48.7% of the total revenue. No sale was recognised from beauty treatment services business which included the non-surgical medical aesthetic services and traditional beauty services. With the intense competition in the beauty treatment services business, the performance of this business is unsatisfactory, as such the Group minimised the capital expenditure and cut the unnecessary costs of this segment.

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

CHARGES ON GROUP ASSETS

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

CAPITAL COMMITMENT

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

FUTURE PLAN FOR MATERIAL INVESTMENT OF CAPITAL ASSETS

The Group did not have plans for material investments and capital assets as of 31 March 2023.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition nor disposal during the Period.

EMPLOYEE INFORMATION

As at 31 March 2023, the Group has about 26 employees working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

GEARING RATIO

As at 31 March 2023, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 19.3% (31 December 2022: 18.2%).

BONDS

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

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

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liabilities.

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 31 March 2023, 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	Total	Approximately percentage of shareholding
Mr. Feng Keming	Beneficial owner	2,140,000	2,140,000	0.60%
Ms. Ho Yuen Ki	Beneficial owner	2,140,000	2,140,000	0.60%

Save as disclosed above, as at 31 March 2023, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

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

As at 31 March 2023, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

SHARE OPTION

The Company has adopted the share option scheme (the “Share Option Scheme”) on 15 November 2019 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. During the Period, no share options were granted, exercised, cancelled nor lapsed. As at 31 March 2023, there were 157,000 outstanding share options not yet exercised under the Share Option Scheme, representing approximately 0.04% of the issued share capital of the Company. Details of the outstanding options under the Share Option Scheme are as follows:

Details of grantees	Date granted	Period during which options are exercisable	No. of options outstanding as at 1 January 2023	Granted/ exercised/ cancelled/ lapsed during the Period	Outstanding as at 31 March 2023	Exercise price per share	Closing price per share immediately before the date of grant
Category: Employees							
Employee	8 April 2022	8 April 2022 to 7 April 2024	157,000	-	157,000	HK\$0.25	HK\$0.25
			157,000	-	157,000		

Note: All share options granted were vested immediately.

DIRECTORS’ AND CHIEF EXECUTIVES’ RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 31 March 2023, save for the Share Option Scheme, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

COMPETING INTEREST

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

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

Since 31 March 2023 (the date of publication of the Annual Report), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 17.50B of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include the review and supervision of the financial reporting process and the internal control and risk management systems of the Group on ongoing basis. During the Period, the Audit Committee comprised of three members and all of whom are independent non-executive Directors. Mr. CHAN Kwan Yiu who possess appropriate professional qualifications, accounting and related financial management expertise, is the Chairperson of the Audit Committee. The Audit Committee meets at least quarterly. The Group's unaudited results for the Period have been reviewed by the Audit Committee, and it was in its opinion that (i) the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange and that (ii) the internal control and risk management systems of the Group had been properly implemented and was adequate to keep the Board informed of the business and the management affairs of the Group. During the Period, no material matters were identified and reported by the Audit Committee to the Board.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the standard set out in Rules 5.48 to 5.67 (the "Model Code") of the GEM Listing Rules, in relation to the dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the standards set out in the Model Code during the Period.

COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

Save as disclosed below, none of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the Period, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, except rule C.1.6 that independent non-executive Directors did not attend all general meetings.

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period.

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

Hong Kong, 12 May 2023

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