



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

2024

INTERIM REPORT

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

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

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

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

HIGHLIGHTS

- Unaudited revenue of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) amounted to approximately RMB22,317,000, representing a decrease of approximately 8.0% over the corresponding period in 2023.
- Loss attributable to owners of the Company for the Period was approximately RMB14,725,000.
- Loss per share for Period was approximately RMB4.14 cents.
- The Directors did not recommend the payment of an interim dividend for the Period.

UNAUDITED INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited consolidated results of the Group for the Period, together with the comparative unaudited figures for the corresponding period in last financial year as follows:

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

	<i>Notes</i>	Six months ended 30 June	
		2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	3	22,317	24,250
Cost of sales		(6,885)	(8,557)
Gross profit		15,432	15,693
Other (losses)/gains	5	(18,160)	57
General and administrative expenses		(9,824)	(14,482)
(Loss)/profit from operations		(12,552)	1,268
Finance cost	6(a)	(2,173)	(2,095)
Loss before tax	6	(14,725)	(827)
Income tax	7	–	–
Loss for the period attributable to owners of the Company		(14,725)	(827)
Other comprehensive income, net of income tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		9,139	14,563
<i>Item that will not be reclassified to profit or loss:</i>			
Reclassification of reserve upon disposal of the financial assets at fair value through other comprehensive income		17,201	–
		26,340	14,563
Total comprehensive income for the period attributable to owners of the company		11,615	13,736
Loss per share			
– Basic and diluted (RMB cents)	9	(4.14)	(0.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	(Unaudited) As at 30 June 2024 RMB'000	(Audited) As at 31 December 2023 RMB'000
Non-current assets			
Plant and equipment		109	317
Financial assets at fair value through other comprehensive income		–	72
Loan receivables	10	141,249	166,690
		141,358	167,079
Current assets			
Trade and other receivables, prepayments and deposits	10	17,584	16,932
Loan receivables	10	201,176	156,178
Financial assets at fair value through profit or loss		18,106	35,444
Income tax recoverable		198	198
Cash and bank balances		1,806	2,835
		238,870	211,587
Current liabilities			
Trade and other payables	11	33,488	27,050
Income tax payables		5	5
		33,493	27,055
Net current assets		205,377	184,532
Total assets less current liabilities		346,735	351,611
Non-current liability			
Bonds payables		59,595	58,885
Net assets		287,140	292,726
Capital and reserves attributable to owners of the Company			
Share capital		3,614	3,614
Reserves		283,526	289,112
Total equity		287,140	292,726

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	Total RMB'000
At 1 January 2023	3,614	379,917	536,025	12	(17,273)	23,539	(630,752)	295,082
Loss for the period	-	-	-	-	-	-	(827)	(827)
Exchange differences on translating foreign operations	-	-	-	-	-	14,563	-	14,563
Total comprehensive income/(loss) for the period	-	-	-	-	-	14,563	(827)	13,736
At 30 June 2023	3,614	379,917	536,025	12	(17,273)	38,102	(631,579)	308,818
At 1 January 2024	3,614	379,917	536,025	12	(17,201)	30,489	(640,130)	292,726
Loss for the period	-	-	-	-	-	-	(14,725)	(14,725)
Exchange differences on translating foreign operations	-	-	-	-	-	9,139	-	9,139
Reclassification of reserve upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	17,201	-	(17,201)	-
Total comprehensive income/(loss) for the period	-	-	-	-	17,201	9,139	(31,926)	(5,586)
Lapse of share option	-	-	-	(12)	-	-	12	-
At 30 June 2024	3,614	379,917	536,025	-	-	39,628	(672,044)	287,140

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net cash used in operating activities	(1,109)	(1,592)
Net cash generated from investing activities	–	15
Net cash generated from financing activities	–	–
Net decrease in cash and cash equivalents	(1,109)	(1,577)
Cash and cash equivalents, at 1 January	2,835	4,364
Effect of foreign exchange rate changes	80	197
Cash and cash equivalents, at 30 June	1,806	2,984
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,806	2,984

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 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 and processing and trading of electronic parts.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial information has 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 condensed consolidated interim financial information also complies with the applicable disclosure provisions of the GEM Listing Rules.

These unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023. The accounting policies and methods of computation used in preparation of these condensed consolidated interim financial information are consistent with those used in the Group’s consolidated financial statements for the year ended 31 December 2023 except for the adoption of the amendments to IFRSs which are effective for the accounting periods beginning on or after 1 January 2024 and relevant to its operations. The adoption of the amendments to 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 and amendments to IFRSs that are not yet effective for the current period, which are expected to have no material impact on the Group.

(b) Basis of measurement

These unaudited condensed consolidated interim financial information has 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 (“HK\$”) and Renminbi (“RMB”). For the purpose of presenting the condensed consolidated interim financial information, the Group adopted RMB as its presentation currency as the Directors consider that RMB as the presentation currency best suits the needs of the shareholders of the Company and investors. 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 condensed consolidated interim financial information 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 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, if any, and interest income earned from the money lending business.

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income from money lending	15,269	15,242
Processing and trading of electronic parts	7,048	9,008
	22,317	24,250

4. SEGMENT INFORMATION

Segment revenue and results

	(Unaudited)					
	For the six months ended 30 June					
	Money lending		Electronic parts		Consolidated	
	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue						
External sales	15,269	15,242	7,048	9,008	22,317	24,250
Result						
Segment results	5,914	4,779	163	452	6,077	5,231
Unallocated corporate expenses					(469)	(4,005)
(Losses)/gains on fair value changes of financial assets at fair value through profit or loss					(18,160)	42
(Loss)/profit from operations					(12,552)	1,268
Finance costs					(2,173)	(2,095)
Loss before tax					(14,725)	(827)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2023: Nil).

	Money lending		Electronic parts		Consolidated	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Assets						
Segment assets	343,208	323,977	10,085	9,782	353,293	333,759
Unallocated corporate assets					26,935	44,907
					380,228	378,666
Liabilities						
Segment liabilities	20,906	14,368	6,625	6,447	27,531	20,815
Unallocated corporate liabilities					65,557	65,125
					93,088	85,940

5. OTHER (LOSSES)/GAINS

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(Losses)/gains on fair value changes of financial assets at fair value through profit or loss	(18,160)	42
Sundry income	–	15
	(18,160)	57

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	(Unaudited)	
	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance cost		
Interest on unsecured bonds	2,173	2,095
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution plans	8	26
Salaries, wages and other benefits	607	927
Total staff costs	615	953
(c) Other items		
Depreciation of plant and equipment	215	207
Auditors' remuneration	286	276
Cost of inventories sold	6,885	8,557

7. INCOME TAX**(i) Hong Kong profits tax**

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity incorporated in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% in respect of the six months ended 30 June 2024 (2023: 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 (2023: 16.5%).

No provision for Hong Kong Profits Tax has been made since the Group's entities incorporated in Hong Kong have sufficient tax losses brought forward to set off against assessable profit or there were no assessable profits for the six months ended 30 June 2024 and 2023.

(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 incorporated in the BVI are not subject to any income tax in the Cayman Islands and the BVI, respectively. The subsidiary of the Company established in the PRC is generally subject to PRC Enterprise Income Tax (the "EIT") on its taxable income at an income tax rate of 25% in respect of the Period (2023: 25%).

No provision for the PRC EIT has been made since the Group's entities established in the PRC have no assessable profit for the six months ended 30 June 2024 and 2023.

8. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2024 was based on the loss for the period attributable to owners of the Company of approximately RMB14,725,000 (2023: RMB827,000) and on the weighted average number of ordinary shares of approximately 356,072,058 shares (2023: 356,072,058 shares).

The outstanding share options for the six months ended 30 June 2024 and 2023 have an anti-dilutive effect on the diluted loss per share.

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

	(Unaudited) As at 30 June 2024 RMB'000	(Audited) As at 31 December 2023 <i>RMB'000</i>
Trade receivables	10,050	9,779
Other receivables	4,905	4,746
Rental and other deposits	355	58
Prepayments	2,274	2,349
	17,584	16,932
Loan receivables (note)		
– Non-Current	141,249	166,690
– Current	201,176	156,178
	342,425	322,868
	360,009	339,800

Note:

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in HK\$. 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.

The loan receivables from independent borrowers bear fixed interest rates ranging from 6.5% to 12% (2023: 6.5% to 12%) per annum and repayable according to the respective loan agreements.

Ageing analysis of trade receivables and loan receivables

Included in trade receivables are trade debtors and loan receivables with the following ageing analysis based on invoice date and contracts maturity days of these loans at the end of the reporting period:

	(Unaudited) As at 30 June 2024 RMB'000	(Audited) As at 31 December 2023 <i>RMB'000</i>
Less than 90 days	81,514	73,329
91 to 180 days	62,096	72,232
Over 180 days	298,842	273,194
	442,452	418,755
Less: allowance for expected credit losses ("ECL")	(89,977)	(86,108)
	352,475	332,647

Customers are generally granted with credit term of 120 days (2023: 120 days).

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

11. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 June 2024 RMB'000	(Audited) As at 31 December 2023 <i>RMB'000</i>
Trade payables	6,625	6,447
Accrued expenses and other payables	26,863	20,603
	33,488	27,050

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

	(Unaudited) As at 30 June 2024 RMB'000	(Audited) As at 31 December 2023 <i>RMB'000</i>
0 to 30 days	931	171
Over 30 days	5,694	6,276
	6,625	6,447

The average credit period on purchases of goods is 90 days (2023: 90 days).

All trade and other payables are denominated in HK\$ and RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the Period, the Group recorded an unaudited consolidated revenue of approximately RMB22,317,000 (2023: RMB24,250,000), which represented a drop of approximately 8.0% as compared with that of 2023.

The decrease of revenue was mainly due to the decrease in demand in the People's Republic of China ("PRC"), the revenue from processing and trading of electronic parts business decreased by approximately RMB1,960,000 or 21.8% to approximately RMB7,048,000 (2023: RMB9,008,000). The demand in the loan market remained stable, the revenue from money lending business slightly increased by approximately RMB27,000 or 0.2% as compared with the corresponding period in 2023. The Group has derived interest income from our loan portfolio of approximately RMB15,269,000 for the Period (2023: RMB15,242,000).

The losses/gains on fair value changes of financial assets at fair value through profit or loss were turnaround from a net gain of approximately RMB42,000 for the six months ended 30 June 2023 to a net loss of approximately RMB18,160,000 for the Period from the listed securities portfolio held by the Group.

The general and administrative expenses for the Period decreased by approximately RMB4,658,000 or 32.2% from approximately RMB14,482,000 for the six months ended 30 June 2023 to approximately RMB9,824,000 for the Period. The decrease was mainly attributed to less corporate exercises incurred during the Period.

The finance cost for the Period increased by approximately RMB78,000 or 3.7% from approximately RMB2,095,000 for the six months ended 30 June 2023 to RMB2,173,000 for the Period which mainly represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to approximately RMB14,725,000 (2023: RMB827,000), which represented an increase of approximately RMB13,898,000 or 1,680.5% as compared with the corresponding period. The increase was mainly due to the net unrealised fair value losses 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.

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 RMB15,269,000 during the Period, which represented approximately 68.4% 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 RMB7,048,000 during the Period, which represented 31.6% of the total revenue.

The Group has developed a credit policy and procedures manual for its money lending business. The credit policy and procedures manual specify, among others, the loan application, credit assessment, credit approval and monitoring ongoing credit risk procedures. Furthermore, the Group would perform public search towards the borrower and guarantor (if any) to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing (“**AML & CTF**”). The Group continues to monitor and review the operation and performance of the risk management system, and to improve the system from time to time to adapt to the changes in market conditions and regulatory environment. The core principle of risk management system is to minimise such risks in business activities and to protect the long-term interests of the Group and the shareholders of the Company.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The following is a summary of the general guidelines of assessing loan applications:

- (i) Identity and address proof – identity documents from individuals and statutory records from business and utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body must be provided for verification;
- (ii) Credit worthiness assessment – conduct due diligence on the borrower’s background, operating and financial conditions, credit history, financing purposes, major shareholders and guarantors and conduct public searches; and
- (iii) Repayment ability assessment – evaluate information including but not limited to the tax return, bank statement, payroll slip, employment contract, rental income receipt, tenancy agreement, financial statements and auditor’s report, past payment record, the value and liquidity of collateral (if any) and repayment abilities of guarantor (if any).

After credit assessment and review of the loan applications, with loan terms determined having taken into consideration factors such as the credit risks of the borrowers, their recoverability, the borrowers' needs and the prevailing market interest rates, the loan application will be subject to the approval of the management. Subject to the size of the loan, different approval authority will be applied, the control limit is set according to the materiality of the loan exposure decided by the Board from time to time. Any loan with principal amount that is less than 5% of the net assets of the Group is subject to approval by the credit committee of the Group and any loan exceeding such limit is subject to approval of the Board.

Upon granting the loan, recoverability of the loans will be monitored on an ongoing basis. In assessing the recoverability of the loan, information such as (i) historical payment records; (ii) communication with borrowers; and (iii) any foreseeable changes in the economic environment that would significantly deteriorating the borrowers' ability to meet their obligations shall be provided. The Group would obtain updated information from the borrowers when late repayment records were noted to reassess the creditworthiness of the borrowers and recoverability of the loan. When there are past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

Meanwhile, the Group applies the general approach under IFRS 9, in which ECL of loan receivable are determined based on the changes in credit quality of the loan receivable since initial recognition and the estimated expectation of an economic loss of the loan receivable under consideration. In calculating the ECL rates, the Group considers historical loss rates for each category, the prevailing economic conditions and adjusts for forward looking data.

During the Period, the Group performed an impairment assessment on the loan receivables by using the general approach under IFRS 9, which uses three categories for ECL on loan receivables that reflect their credit risk and how the loss provision is determined for each of the categories. The allowance for ECL of loan receivables was approximately RMB88,593,000 (2023: RMB86,077,000) based on ECL applied to different stages. The increase in the allowance for ECL was mainly attributable to the economic downturn which had an adverse impact on the financial condition of the borrowers and caused a significant decrease their ability to meet debt obligations. After assessments based on the borrowers' repayment and financial status and communication with the borrowers, certain loan receivables have been transferred to stage where the expected loss rate is highest. All borrowers are independent third parties of the Company and its connected person. The Group has issued demand letters to the borrowers who failed to fulfil his/her/its repayment obligation in the prescribed time and has been negotiating with the borrowers on new repayment arrangements according to the circumstances of the borrowers. Legal actions may be brought against the relevant borrowers if no positive results arise depending on the actual circumstances on a case-by-case basis. The impairment losses were recognised due to the unpredictable and uncontrollable factors which included the economic condition and pandemic. The Directors consider that internal control procedures of the Group significantly reduced the credit risks and were sound and effective.

The Group disposed of the investment in fair value through other comprehensives income ("FVTOCI") which is unlisted equity securities. The Group holds 5.4% equity interest in Peak Zone Group Limited ("**Peak Zone**"), a company incorporated in the BVI with limited liability. Peak Zone is primarily engaged in the provision of integrated application. On 15 January 2024, the Group entered into a sale and purchase agreement to sell the entire 5.4% equity interest in Peak Zone at a consideration of HK\$80,000, equivalent to approximately RMB72,000. The disposal was completed on 19 March 2024.

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 2024, the Group had current assets of approximately RMB238,870,000 (31 December 2023: RMB211,587,000) and the current liabilities of approximately RMB33,493,000 (31 December 2023: RMB27,055,000). The Group's current ratio, calculated based on current assets over the current liabilities, was at a healthy level of approximately 7.1 times as at 30 June 2024 (31 December 2023: 7.8 times).

As at 30 June 2024, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 24.5% (31 December 2023: 22.7%).

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 HK\$ and RMB. 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 2024, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2023: Nil).

CAPITAL COMMITMENT

As at 30 June 2024, the Group did not have any material capital commitment (31 December 2023: 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 2024.

EMPLOYEE INFORMATION

As at 30 June 2024, the Group has 10 employees (2023: 24) 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 RMB615,000 for the Period (2023: RMB953,000).

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 8% 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 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: 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 2024, the Directors and the chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company and 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, were as follows:

LONG POSITIONS IN THE SHARES OF 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 30 June 2024, 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 2024, 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 nor cancelled but 157,000 outstanding share options were lapsed under the Share Option Scheme. As at 30 June 2024, there was no share option outstanding under the Share Option Scheme. The number of options available for grant under the Share Option Scheme as of 1 January 2024 and 30 June 2024 was 33,047,205. 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 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2024	Exercise price per share	Weighted average closing price per share immediately before the date on which the options were exercised
Employees	8 April 2022	8 April 2022 to 7 April 2024	157,000	-	-	-	(157,000)	-	HK\$0.25	HK\$0.25
			157,000	-	-	-	(157,000)	-		

Notes:

- (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:

	Employees
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 corresponding period of 2022.

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 2024, 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 29 April 2024, the date of publication of the annual report of the Company for the year ended 31 December 2023, 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 (the “**Audit Committee**”) in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and Code Provision D.3.3 of the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules (the “**Corporate Governance Code**”). The primary duties of the Audit Committee include, among others, 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 twice a year. The Group’s unaudited interim results for the Period have not been audited by the Company’s auditor but have been reviewed by the Audit Committee, and it was in its opinion (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 SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares during the Period.

COMPLIANCE WITH THE MODEL CODE

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.

CORPORATE GOVERNANCE

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, except code provision 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 Period and up to the date of this report.

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

22 August 2024

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

Executive Directors:

Mr. FENG Keming
Ms. BAI Jie

Independent non-executive Directors:

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