

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8019)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Hao Wen Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2020. This announcement, containing the full text of the 2020 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of interim results.

By the order of the Board
HAO WEN HOLDINGS LIMITED
TSUI Annie
Chairperson

Hong Kong, 12 August 2020

As at the date hereof, the Board comprises Ms. TSUI Annie and Mr. FENG Keming as executive Directors, and Mr. CHAN Kwan Yiu, Ms. MA Sijing and Ms. HO Yuen Ki as independent non-executive Directors.

This announcement, for which the Directors 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 of Hong Kong Limited 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at <http://www.tricor.com.hk/webservice/008019>.



HAO WEN HOLDINGS LIMITED 皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019



2020 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.

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

- Unaudited turnover of the Group for the six months ended 30 June 2020 amounted to approximately RMB21,197,000 representing a decrease of approximately 38.1% over the corresponding period in 2019.
- Loss attributable to owners of the Company for the six months ended 30 June 2020 was approximately RMB807,000.
- Loss per share for the six months ended 30 June 2020 was approximately RMB0.38 cents.
- The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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 2020, 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	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Turnover	3	21,197	34,224	12,221	18,731
Cost of sales		(5,794)	(15,371)	(4,271)	(8,453)
Gross profit		15,403	18,853	7,950	10,278
Other gains and losses	5	(1,199)	(423)	(54)	(1,001)
General and administrative expenses		(12,659)	(12,069)	(7,947)	(6,257)
Profit/(loss) from operations		1,545	6,361	(51)	3,020
Share of results of associates		(65)	242	(217)	122
Finance costs	6(a)	(2,252)	(1,760)	(1,133)	(821)
(Loss)/profit before taxation	6	(772)	4,843	(1,401)	2,321
Income tax expenses	7	(41)	(1,521)	4	(993)
(Loss)/profit for the period		(813)	3,322	(1,397)	1,328
(Loss)/profit for the period attributable to:					
Owners of the Company		(807)	3,461	(1,394)	1,432
Non-controlling interests		(6)	(139)	(3)	(104)
			(restated)		(restated)
(Loss)/earnings per share					
– Basic and diluted (RMB cents)	9	(0.38)	1.61	(0.65)	0.67

	Six months ended		Three months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the period	(813)	3,322	(1,397)	1,328
Other comprehensive income, net of income tax				
Exchange differences on translating foreign operations	6,032	333	504	11,373
Total comprehensive income/(loss) for the period	5,219	3,655	(893)	12,701
Total comprehensive income/(loss) attributable to:				
Owners of the Company	5,225	3,794	(890)	12,805
Non-controlling interests	(6)	(139)	(3)	(104)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2020 <i>RMB'000</i>	(Audited) As at 31 December 2019 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipments		3,794	3,780
Goodwill		7,349	7,349
Right-of-use assets		64	104
Financial assets at fair value through other comprehensive income		6,119	6,008
Interest in associates		6,574	8,674
Loan receivables	<i>10</i>	88,467	91,398
Deferred tax assets		105	105
		112,472	117,418
Current assets			
Trade, loan and other receivables, prepayments and deposits	<i>10</i>	291,993	284,324
Financial assets at fair value through profit or loss		1,927	3,073
Cash and bank balances		3,826	1,774
		297,746	289,171
Current liabilities			
Trade and other payables	<i>11</i>	12,008	13,559
Bonds payables		28,900	–
Lease liabilities		65	78
Tax payables		116	177
		41,089	13,814
Net current assets		256,657	275,357
Total assets less current liabilities		369,129	392,775
Non-current liabilities			
Bonds payables		15,161	43,999
Lease liabilities		–	27
		15,161	44,026
Net assets		353,968	348,749
Capital and reserves attributable to owners of the Company			
Share capital		36,184	36,184
Reserves		331,158	325,933
Equity attributable to owners of the Company		367,342	362,117
Non-controlling interests		(13,374)	(13,368)
Total equity		353,968	348,749

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 2019	36,184	357,643	495,170	7,315	(9,677)	20,259	(525,232)	381,662	(13,105)	368,557
Profit for the period	-	-	-	-	-	-	3,461	3,461	(139)	3,322
Exchange differences on translating foreign operations	-	-	-	-	-	333	-	333	-	333
Total comprehensive income/ (loss) for the six months ended 30 June 2019	-	-	-	-	-	333	3,461	3,794	(139)	3,655
At 30 June 2019	36,184	357,643	495,170	7,315	(9,677)	20,592	(521,771)	385,456	(13,244)	372,212
At 1 January 2020	36,184	357,643	495,170	-	(11,465)	27,552	(542,967)	362,117	(13,368)	348,749
Loss for the period	-	-	-	-	-	-	(807)	(807)	(6)	(813)
Exchange differences on translating foreign operations	-	-	-	-	-	6,032	-	6,032	-	6,032
Total comprehensive income/ (loss) for the six months ended 30 June 2020	-	-	-	-	-	6,032	(807)	5,225	(6)	5,219
At 30 June 2020	36,184	357,643	495,170	-	(11,465)	33,584	(543,774)	367,342	(13,374)	353,968

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net cash generated from operating activities	4,607	3,244
Net cash used in investing activities	–	(5,271)
Net cash used in financing activities	(2,252)	(13,297)
Net increase/(decrease) in cash and cash equivalents	2,355	(15,324)
Cash and cash equivalents, at 1 January	1,774	41,008
Effect of foreign exchange rate changes	(303)	271
Cash and cash equivalents, at 30 June	3,826	25,955
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	3,826	25,955

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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 2019 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 2020. 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, and (ii) interest income earned from the money lending business.

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income earned from				
the money lending business	14,906	14,891	7,729	8,045
Processing and trading of electronic parts	6,291	19,333	4,492	10,686
Total	21,197	34,224	12,221	18,731

4. SEGMENT REPORTING**Segment revenues and results**

	(Unaudited)					
	For the six months ended 30 June					
	Money lending		Electronic parts		Consolidated	
	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover						
External sales	14,906	14,891	6,291	19,333	21,197	34,224
Result						
Segment results	7,013	5,273	486	3,953	7,499	9,226
Unallocated corporate expenses					(2,568)	(2,441)
Fair value loss on financial assets at fair value through profit or loss					(1,199)	(424)
Impairment loss on interest in associates					(2,187)	–
Profit/(loss) from operations					1,545	6,361
Share of results of associates					(65)	242
Finance costs					(2,252)	(1,760)
(Loss)/profit before taxation					(772)	4,843
Income tax expenses					(41)	(1,521)
(Loss)/profit for the period					(813)	3,322

	(Unaudited)					
	For the three months ended 30 June					
	Money lending		Electronic parts		Consolidated	
2020	2019	2020	2019	2020	2019	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Turnover						
External sales	7,729	8,045	4,492	10,686	12,221	18,731
Result						
Segment results	3,494	2,712	214	2,225	3,708	4,937
Unallocated corporate expenses					(1,518)	(915)
Fair value loss on financial assets at fair value through profit or loss					(54)	(1,002)
Impairment loss on interest in associates					(2,187)	–
(Loss)/profit from operations					(51)	3,020
Share of results of associates					(217)	122
Finance costs					(1,133)	(821)
(Loss)/profit before taxation					(1,401)	2,321
Income tax expenses					4	(993)
(Loss)/profit for the period					(1,397)	1,328

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2019: Nil).

	Money lending		Electronic parts		Consolidated	
	(Unaudited) As at 30 June 2020 RMB'000	(Audited) As at 31 December 2019 RMB'000	(Unaudited) As at 30 June 2020 RMB'000	(Audited) As at 31 December 2019 RMB'000	(Unaudited) As at 30 June 2020 RMB'000	(Audited) As at 31 December 2019 RMB'000
Assets						
Segment assets	326,593	318,387	43,287	34,384	369,880	352,771
Unallocated corporate assets					40,338	53,818
					410,218	406,589
Liabilities						
Segment liabilities	561	4,254	5,141	2,135	5,702	6,389
Unallocated corporate liabilities					50,548	51,451
					56,250	57,840

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

All assets are allocated to operating segments other than financial assets at fair value through other comprehensive income, interest in associates, financial assets at fair value through profit or loss and other corporate assets.

All liabilities are allocated to operating segments other than tax payable and corporate liabilities.

5. OTHER GAINS AND LOSSES

	(Unaudited)		(Unaudited)	
	For the six months ended 30 June 2020 RMB'000	2019 RMB'000	For the three months ended 30 June 2020 RMB'000	2019 RMB'000
Fair value loss on financial assets at fair value through profit or loss	(1,199)	(424)	(54)	(1,002)
Sundry income	-	1	-	1
	(1,199)	(423)	(54)	(1,001)

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit from ordinary activities before taxation is arrived at after charging:

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
(a) Finance costs				
Interest on unsecured bonds	2,252	1,424	1,133	719
Interest on borrowings	-	336	-	102
Total finance costs	2,252	1,760	1,133	821
(b) Staff costs				
(including directors' remuneration)				
Contributions to defined contribution plans	29	63	14	17
Salaries, wages and other benefits	1,171	1,888	631	892
Total staff costs	1,200	1,951	645	909
(c) Other items				
Depreciation	506	906	255	609
Depreciation on right-of-use assets	40	-	40	-
Auditors' remuneration	432	331	217	128
Cost of inventories sold	5,794	15,371	4,271	8,453
Impairment loss on interest in associates	2,187	-	2,187	-

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	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax				
Hong Kong	41	1,324	(4)	796
Deferred taxation				
– Debited to the consolidated statement of profit or loss and other comprehensive income	–	197	–	197
	41	1,521	(4)	993

(i) Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 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 (2019: 25%).

8. DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share for the three months ended 30 June 2020 was based on the loss for the period attributable to owners of the Company of approximately RMB1,394,000 (2019: profit attributable to owners of the Company of approximately RMB1,432,000) and on the weighted average number of ordinary shares of approximately 214,652,058 shares (2019 (restated): 214,652,058 shares).

The calculation of basic loss per share for the six months ended 30 June 2020 was based on the loss for the period attributable to owners of the Company of approximately RMB807,000 (2019: profit attributable to owners of the Company of approximately RMB3,461,000) and on the weighted average number of ordinary shares of approximately 214,652,058 shares (2019 (restated): 214,652,058 shares).

The weighted average number of ordinary shares during the three months and six months ended 30 June 2019 has been adjusted for the share consolidation which became effective on 10 July 2020.

Diluted (loss)/earnings per share for the three months ended 30 June 2020 and 2019; and six months ended 30 June 2020 and 2019 were the same as the basic (loss)/earnings per share as there were no potential ordinary shares in issue during both periods.

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

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors	23,949	22,642
Loan receivables (note)	321,450	321,851
Other receivables	4,813	4,020
Rental and other deposits	7,932	5,025
Prepayments	22,316	22,184
	380,460	375,722
Less: Non-current portion		
– Loan receivables (note)	(88,467)	(91,398)
	291,993	284,324

Note:

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. 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 ageing analysis based on invoice date and inception of such loans as of the end of the reporting period:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Less than 90 days	46,567	37,023
91 to 180 days	56,696	64,462
Over 180 days	270,825	266,149
	374,088	367,634
Less: allowance for expected credit losses	(28,689)	(23,141)
	345,399	344,493

Customers are generally granted with credit term of 90 to 120 days.

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

11. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Trade creditors	5,145	2,135
Accrued expenses and other payables	6,863	11,424
	12,008	13,559

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

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
0 to 30 days	5,145	184
Over 30 days	–	1,951
	5,145	2,135

The average credit period on purchases of goods is 60 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2020 (the “**Period**”), the Group recorded an unaudited consolidated turnover of approximately RMB21,197,000 (2019: RMB34,224,000), which represented a decrease of approximately 38.1% as compared with that of the corresponding period in 2019.

The decrease of turnover was mainly attributed to the drop in revenue the processing and trading of electronic parts. The income from processing and trading of electronic parts business has dropped by approximately RMB13,042,000 or 67.5% to approximately RMB6,291,000 (2019: RMB19,333,000). The decrease was due to the lower demand from customers given the unfavourable economic conditions in the PRC due to the outbreak of Novel Coronavirus (“**COVID-19**”) and China-US trade war. During the Period, the demand in the loan market remained stable, the Group recorded a slightly increase of by approximately RMB15,000 or 0.1% in revenue from money lending business as compared with the corresponding period in 2019. The Group has derived interest income from our loan portfolio of approximately RMB14,906,000 for the Period (2019: RMB14,891,000).

The other gains and losses were mainly attributed to net unrealised loss of approximately RMB1,199,000 (2019: RMB424,000) recorded from the listed securities portfolio held by the Group as at 30 June 2020.

The general and administrative expenses for the Period increased by approximately RMB590,000 or 4.9% as compared with the corresponding period in 2019. The increase was mainly attributed to less corporate expenses incurred during the Period offset by the increase in allowance for expected credit losses and impairment loss on interest in associates.

Finance costs for the Period increased by approximately RMB492,000 or 28.0% as compared with the corresponding period in 2019. The finance costs for the Period represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Period amounted to RMB807,000 (2019: profit attributable to owners of the Company amounted to RMB3,461,000), which represented approximately RMB4,268,000 or 123.3% decrease as compared with the corresponding period in 2019. The aforesaid turnaround from profit to loss position was mainly due to the decrease in turnover and the increase in allowance for expected credit losses and impairment loss on interest in associates.

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 RMB14,906,000 during the Period, which represented approximately 70.3% of the total revenue. Meanwhile, the Group engaged in sourcing, processing, and sales of computer-related and smartphone-related electronic parts and components, such as CPU, LED screen panel, hard-disk, and smartphone chipsets and lens. Revenue earned from the processing and trading of electronic parts business was approximately RMB6,291,000 during the Period, which represented 29.7% of the total revenue. Since January 2020, the outbreak on COVID-19 has impacted the global business environment. Pending the development and spread of COVID-19 and the China-US trade war, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group. The Group will continue to monitor the development of the market and react actively to its impact on the financial position and operating results of the Group.

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 achieving product upgrade and takes various cost-savings and quality improvement measures for the business.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2020, the Group had current assets of approximately RMB297,746,000 (31 December 2019: RMB289,171,000) and the current liabilities of approximately RMB41,089,000 (31 December 2019: RMB13,814,000). The Group's current ratio, calculated based on current assets over the current liabilities, was at a healthy level of approximately 7.2 times as at 30 June 2020 (31 December 2019: 20.9 times).

As at 30 June 2020, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 13.7% (31 December 2019: 14.2%).

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 2020, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2019: Nil).

CAPITAL COMMITMENT

As at 30 June 2020, the Group did not have any material capital commitment (31 December 2019: 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 2020.

EMPLOYEE INFORMATION

As at 30 June 2020, the Group has about 25 employees working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The staff costs, including Directors' emoluments, were approximately RMB1,200,000 for the Period (2019: RMB1,951,000).

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 12 July 2019, the Company issued unsecured bonds to independent third parties with principal amount of HK\$15,000,000 and with effective interest rate of 11% per annum, the maturity date of which is 3 years.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: Nil).

SHARE CONSOLIDATION

An extraordinary general meeting (the “**EGM**”) was held on 8 July 2020 in which the resolution regarding the proposed share consolidation involving the consolidation of every ten (10) issued and unissued existing shares of par value of HK\$0.02 each in the share capital of the Company into one (1) consolidated share with a par value of HK\$0.20 each (the “**Share Consolidation**”) was passed by the shareholders of the Company. The Share Consolidation became effective on 10 July 2020. Upon completion of the Share Consolidation, the authorised share capital of the Company was HK\$1,000,000,000 divided into 5,000,000,000 shares, of which 214,652,058 shares are in issue and fully paid. Details of the Share Consolidation were disclosed in the Company’s announcements dated 26 May 2020 and 10 July 2020 and the circular of the Company dated 12 June 2020.

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 2020, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (“**SFO**”)), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2020, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

SHARE OPTION

The Company has adopted the share option scheme (the “**Share Option Scheme**”) on 15 November 2019 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. During the Period, no share options were granted, exercised, cancelled nor lapsed. As at 30 June 2020, there were no outstanding options.

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

As at 30 June 2020, 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

Up to the date of this report, none of the Directors or the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) of the Company has an interest in any business which directly or indirectly competes with the business of the Group, or has any other conflict of interests with the Group.

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

Since 23 March 2020 (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 interim results for the Period have not been audited by the Company’s auditors but have been reviewed by the Audit Committee, and it was in its opinion that the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange. During the Period, no material matters were identified and reported by the Audit Committee to the Board.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the standard set out in Rules 5.48 to 5.67 (the “**Model Code**”) of the GEM Listing Rules, in relation to the dealings in securities of the Company by the Directors.

Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the standards set out in the Model Code during the Period.

COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

Save as disclosed below, none of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the Period, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

As to the deviation from code provisions A.4.1 that non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company, and A.6.7 that independent non-executive Directors did not attend all general meetings; the Board will continue to review the current situation from time to time and shall make necessary changes when appropriate and, the compliance officer and company secretary of the Company had reminded and will continue to remind the relevant independent non-executive Directors as well as all current independent non-executive Directors to attend the general meetings of the Company in future.

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period.

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

12 August 2020

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