HAO WEN HOLDINGS LIMITED
皓 文 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8019)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, 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 the GEM (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 announcement is accurate and complete in all material respects and not misleading; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2016 was approximately RMB27,153,000 representing a decrease of approximately 27.0% as compared to the previous year.
- Loss for the year ended 31 December 2016 attributable to owners of the Company was approximately RMB84,021,000 representing a decrease of approximately 9.33% as compared to the previous year.
- Loss per share was approximately RMB5.44 cents.
- The Directors do not recommend the payment of a final dividend for the year.

RESULTS

The board of Directors (the "Board") announces the audited consolidated results of Hao Wen Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016, together with the comparative audited figures for the year ended 31 December 2015, as follows:

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Turnover	3	**27,153**	37,209
Cost of sales		**(12,400)**	(27,571)
Gross profit		**14,753**	9,638
Other gains	5	**1**	366
(Loss)/gain on fair value of financial assets at fair value through profit or loss		**(19,667)**	729
General and administrative expenses		**(29,618)**	(20,022)
Impairment loss on intangible assets		**(142)**	(3,236)
Impairment loss on goodwill		**(63,271)**	(149,988)
Impairment loss on interest in associates		**(17,042)**	–
Impairment loss on available-for-sale financial assets		**(2,687)**	(4,059)
Loss from operations		**(117,673)**	(166,572)
Share of results of associates		**521**	568
Finance costs		**(393)**	(161)
Loss before taxation	6	**(117,545)**	(166,165)
Income tax expense	7	**(374)**	(222)
Loss for the year		**(117,919)**	(166,387)
Other comprehensive (loss)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**26,883**	12,875
Share of changes in other comprehensive income in associates		**59**	52
Loss arising on revaluation of available-for-sale financial assets		**(2,687)**	(4,059)
Reclassification adjustments relating to impairment loss on available-to-sale financial assets		**2,687**	4,059
		26,942	12,927
Total comprehensive loss for the year		**(90,977)**	(153,460)

	Notes	**2016**	2015
		RMB'000	*RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(84,021)**	(92,671)
Non-controlling interests		**(33,898)**	(73,716)
		(117,919)	(166,387)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(57,079)**	(79,744)
Non-controlling interests		**(33,898)**	(73,716)
		(90,977)	(153,460)
Loss per share	9		
Basic and diluted *(RMB cents)*		**(5.44)**	(37.06)

Consolidated Statement of Financial Position
At 31 December 2016

	Notes	The Group 2016 RMB'000	2015 RMB'000
Non-current assets			
Plant and equipments		**31,269**	33,038
Intangible assets		**–**	198
Goodwill		**12,541**	63,271
Available-for-sale financial assets		**9,868**	11,851
Interest in associates		**46,156**	58,583
Loan receivables		**3,974**	1,597
		103,808	168,538
Current assets			
Inventories		**126**	360
Trade, loan and other receivables, prepayments and deposits	10	**305,488**	118,340
Financial asset at fair value through profit or loss		**43,047**	45,216
Cash and bank balances		**11,692**	3,437
		360,353	167,353
Current liabilities			
Trade and other payables	11	**39,610**	26,920
Tax payables		**110**	721
Obligation under finance lease		**1,707**	884
		41,427	28,525
Net current assets		**318,926**	138,828
Total assets less current liabilities		**422,734**	307,366
Non-current liabilities			
Obligation under finance lease		**5,132**	2,437
Net assets		**417,602**	304,929
Capital and reserves attributable to owners of the Company			
Share capital		**29,847**	4,067
Reserves		**397,309**	276,518
Equity attributable to owners of the Company		**427,156**	280,585
Non-controlling interests		**(9,554)**	24,344
Total equity		**417,602**	304,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hao Wen Holdings Limited (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 are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20 July 2001. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the money lending, trading and manufacturing of biomass fuel and trading of electronic parts.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied for the first time, the following amendments to IFRSs issued by the International Accounting Standard Board:

Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle
Amendments to IFRS 10 IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations
IFRS 14	Regulatory Deferral Accounts
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap.622) during the reporting period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Issued but not yet effective IFRSs

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transaction[2]
Amendments to IFRS 4	Insurance Contracts[2]
IFRS 9	Financial Instruments[2]
Amendments to IFRS 10 and IFRS 28	Sales and Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 15	Classification to IFRS 15 Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IAS 7	Disclosure Initative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or a date to be determined.

The Group is in the process of accessing the potential impact of the above new and revised IFRSs upon initial application but is not yet in a position to state whether the above new and revised IFRSs, will have a significant impact on the Group's results of operations and financial position.

3. REVENUE

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

	2016	2015
	RMB'000	*RMB'000*
Trading and manufacturing of biomass fuel	**3,784**	26,154
Interest income earned from the money lending business	**19,207**	9,146
Sale of biodegradable products	**–**	1,909
Trading of electronic parts	**4,162**	–
Total	**27,153**	37,209

4. SEGMENT REPORTING

Information reported to the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods devoured or provided. The segmentations are based on the information about the operation of the Group that management uses to make decision and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The Group's reportable and operating segment under IFRS 8 are as follows:

(i) Interest income earned from the money lending business;

(ii) Trading and manufacturing of biomass fuel;

(iii) Sale of biodegradable food containers and disposable industrial packaging for consumer products; and

(iv) Trading of electronic parts.

Segment revenues and results

	Money lending		Biomass Fuel		Biodegradable products		Electronic parts		Consolidated	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue										
External sales	**19,207**	9,146	**3,784**	26,154	**–**	1,909	**4,162**	–	**27,153**	37,209
Result										
Segment result	**5,529**	5,353	**(6,053)**	(475)	**(754)**	(3,211)	**788**	–	**(490)**	1,667
Unallocated corporate income									**1**	366
Unallocated corporate Expenses									**(14,375)**	(12,051)
Impairment loss on intangible assets	**–**	–	**–**	–	**(142)**	(3,236)	**–**	–	**(142)**	(3,236)
(Loss)/gain on financial assets at fair value through profit or loss									**(19,667)**	729
Impairment loss on available-for-sale financial assets									**(2,687)**	(4,059)
Impairment loss on goodwill	**–**	–	**(63,271)**	(149,988)	**–**	–	**–**	–	**(63,271)**	(149,988)
Impairment loss on interest in associates									**(17,042)**	–
Loss from operations									**(117,673)**	(166,572)
Share of results of associates									**521**	568
Finance costs									**(393)**	(161)
Loss before taxation									**(117,545)**	(166,165)
Income tax expense									**(374)**	(222)
Loss for the year									**(117,919)**	(166,387)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: Nil).

Segment results represent the profit/(loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, share of results of associates, impairment loss on intangible assets, (loss)/gain on financial assets at fair value through profit or loss, impairment loss on available-for-sale financial assets, impairment loss on goodwill, impairment loss on interest in associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Money lending		Biomass Fuel		Biodegradable products		Electronic parts		Consolidated	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets										
Segment assets	**301,120**	92,304	**27,110**	113,980	**371**	10,901	**16,923**	–	**345,524**	217,185
Unallocated										
Unallocated corporate assets									**118,637**	118,706
									464,161	335,891
Liabilities										
Segment liabilities	**16,374**	1,605	**18,318**	17,895	**1,328**	4,914	**3,719**	–	**39,739**	24,414
Unallocated corporate liabilities									**6,820**	6,548
									46,559	30,962

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

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

All liabilities are allocated to operating segments other and corporate liabilities.

Other segment information

The following is an analysis of the Group's other segment information:

	Money lending		Biomass Fuel		Biodegradable products		Electronic parts		Unallocated		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Capital expenditure	**4,122**	2,610	**–**	15,268	**–**	–	**–**	–	**5,032**	–	**9,154**	17,878
Depreciation and amortisation	**1,326**	431	**5,476**	85	**382**	1,877	**–**	–	**621**	43	**7,805**	2,436
Impairment loss on intangible assets	**–**	–	**–**	–	**142**	3,236	**–**	–	**–**	–	**142**	3,236
Impairment loss on available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**–**	–	**2,687**	4,059	**2,687**	4,059
Impairment loss on goodwill	**–**	–	**63,271**	149,988	**–**	–	**–**	–	**–**	–	**63,271**	149,988
Impairment loss on interest in associates	**–**	–	**–**	–	**–**	–	**–**	–	**17,042**	–	**17,042**	–
(Loss)/gain on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**(19,667)**	729	**(19.667)**	729
Loss on disposal of plant and equipments	**61**	–	**–**	–	**354**	–	**–**	–	**–**	251	**415**	251

The Group's revenue from its major products were disclosed in note 3.

Geographical information

The Group operates in two principal geographical areas, the PRC (excluding Hong Kong) and Hong Kong. The Group's revenue from the external customers by location of operations and information about its non-current assets are detailed below:

	Revenue		**Non-current assets***	
	Year ended 31 December 2016	Year ended 31 December 2015	**As at 31 December 2016**	As at 31 December 2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**7,946**	9,736	**22,445**	91,194
Hong Kong	**19,207**	27,473	**71,495**	65,493
	27,153	37,209	**93,940**	156,687

* Non-current assets excluding available-for-sale financial assets.

Information about major customers

For the year ended 31 December 2015, included in the revenue arising from biomass fuel of approximately RMB23,247,000, was arisen from two single external customers.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2016	2015
	RMB'000	*RMB'000*
Customer A *(Note)*	**–**	16,221
Customer B *(Note)*	**–**	7,026

Note: The customers did not contribute 10% or more of the total revenue for the year ended 31 December 2016.

5. OTHER GAINS

	2016	2015
	RMB'000	*RMB'000*
Sundry income	**1**	366

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

(a) Finance costs

	2016	2015
	RMB'000	*RMB'000*
Interest on obligations under finance leases	**393**	161

(b) Staff costs (including directors' emoluments)

	2016	2015
	RMB'000	*RMB'000*
Contributions to defined contribution plans	**123**	154
Salaries, wages and other benefits	**5,179**	4,436
Total staff costs	**5,302**	4,590

(c) Other items

	2016 RMB'000	2015 RMB'000
Amortisation of intangible assets	**48**	740
Depreciation	**7,757**	1,696
Operating lease charges in respect of property rentals:		
Minimum lease payments	**2,326**	1,850
Auditors' remuneration		
– Audit services	**950**	950
– Non-audit services	**–**	424
Cost of inventories sold	**12,400**	27,571
Share base payments	**504**	–
Impairment loss on available-for-sale financial assets	**2,687**	4,059
Impairment loss on interest in associates	**17,042**	–
Impairment loss on intangible assets	**142**	3,236
Impairment loss on goodwill	**63,271**	149,988
Loss on disposal of plant and equipments	**415**	251

7. INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2016 RMB'000	2015 RMB'000
Current tax		
Hong Kong	**–**	309
PRC Enterprise Income Tax	**170**	3
Under-provision/(over-provision) in prior year Hong Kong	**204**	(90)
	374	222

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year ended 31 December 2016.

(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 Group 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 year ended 31 December 2016 (2015: 25%).

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

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

	2016	2015
	RMB'000	*RMB'000*
Loss		
Loss for the purposes of basic loss per share, loss for the year attributable to the owners of the Company	**(84,021)**	(92,671)

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,544,023**	250,076

Note:

(i) The weighted average number of ordinary shares for the years ended 31 December 2016 and 2015 have been adjusted for the rights issue. Completion of rights issue took place on 29 February 2016.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2016 and 2015 were same as the basic loss per share. The Company's outstanding share options and warrants were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options and warrants were anti-dilutive.

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

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

(i) Trade debtors

	2016	2015
	RMB'000	*RMB'000*
0 to 30 days	**–**	–
31 to 60 days	**87**	–
61 to 90 days	**4,403**	313
91 to 180 days	**–**	18,356
181 to 365 days	**–**	1,742
Over 365 days	**266**	–
	4,756	20,411
Less: allowance for doubtful debts	**–**	–
	4,756	20,411

Customers are generally granted with credit term of 90 days.

(ii) Loan Receivable

	2016	2015
	RMB'000	*RMB'000*
0-30 days	**18,742**	1,551
31 to 60 days	**–**	509
61 to 90 days	**143,251**	–
91 to 180 days	**29,746**	29,314
181 to 365 days	**65,078**	30,945
Over 365 days	**39,960**	26,973
	296,777	89,292
Less: allowance for doubtful debts	**–**	–
	296,777	89,292

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

11. TRADE AND OTHER PAYABLES

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

	2016	2015
	RMB'000	*RMB'000*
0 to 30 days	**–**	–
Over 30 days	**946**	2,661

The average credit period on purchases of goods is 30 days.

12. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2017, an aggregate of 357,740,000 placing shares have been placed by the Company through the placing agent, to not less than six placees, at the placing price of HK$0.125 per placing share under general mandate. The Company received net proceeds of approximately HK$43,820,000 from the placing. The Company intends to apply the said net proceeds as to approximately HK$35,000,000 for further expanding money lending business and approximately HK$8,820,000 for general working capital of the Group.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year under review, the Group continues to engage in the money lending business and sale of biodegradable product in Hong Kong, trading and manufacturing of biomass fuel and started trading of electronic parts in the PRC.

Despite the competitive and uncertain business environment for the loan market in Hong Kong, the Group recorded a growth of 110.0% in revenue from money lending business as compared with the corresponding period in 2015 due to persisting high demand for loan products. As at 31 December 2016, the loan portfolio held by the Group was approximately RMB296,777,000. Interest income earned from the money lending business was approximately RMB19,207,000 during the year under review, which represented approximately 70.7% of the total revenue.

The Group acquired Reach Solution Technology Limited and its subsidiaries ("Reach Solution") to participate in trading of electronic parts in September 2016 with an aim to achieve steady and sustainable growth. This new business segment is in line with the Group's business diversification strategy and represents an attractive investment opportunity to tap into PRC trading of electronic parts market with growth potential and to generate diversified income and addition cash flow.

The above segment recorded a turnover of approximately RMB4,162,000 for the year ended 31 December 2016. The Group will monitor the production progress of our suppliers continuously in order to ensure the product qualities and the production base with lower costs to further maximize the return of the trading of electronic parts.

The biodegradable food containers and disposable industrial packaging products are traded under the brand name "Earth Buddy". During the year under review, no sale was recognized for the biodegradable products business due to the extremely weak demand.

The performance of biomass fuel business was significantly influenced by the competitive price of crude oil. The Directors will minimise the capital expenditure and actively cutting the unnecessary costs for a long period of time in order to preserve the future ability of expanding the biomass fuel business until the unfavourable factors in energy market has gone. The Directors are pessimistic for the performance of biomass fuel business in 2016.

Financial review

During the year under review, the Group recorded an audited consolidated revenue of approximately RMB27,153,000 (2015: RMB37,209,000), which represented a decrease of approximately 27.0% as compared with that of 2015.

The decrease of turnover was mainly attributed to the decrease in revenue from the sale of biodegradable products and the trading and manufacturing of biomass fuel which partially offset by the increase in interest income earned from the money lending business and the trading of electronic parts. For the year under review, income from money lending business had increased by approximately RMB10,061,000 or 110.0% to approximately RMB19,207,000 from approximately RMB9,146,000 for the corresponding year. The revenue from trading of electronic parts had recorded approximately RMB4,162,000 for the year ended 31 December 2016. In 2016, the revenue from manufacturing and sale of biomass fuel, and biodegradable products trading business in Hong Kong had decreased by RMB24,279,000 or 86.5% to approximately RMB3,784,000 from approximately RMB28,063,000 for the corresponding year.

The Group has derived net interest income from our loan portfolio of approximately RMB19,207,000 for the year ended 31 December 2016 (2015: RMB9,146,000). The increase of net interest income was mainly attributed to more loans were solicited directly by the Group rather than through the referred borrowers from other intermediaries. During the year under review, the Group had no bad and doubtful debts from its loan receivables.

The change in fair value of financial assets at fair value through profit or loss was turnaround from a net unrealised gain of approximately RMB729,000 in 2015 to a net unrealised loss of approximately RMB19,667,000 for the year under review.

The general and administrative expenses increased by approximately RMB9,596,000 or 47.9% from RMB20,022,000 to RMB29,618,000. The increase was mainly attributed to more corporate exercises incurred during the year under review.

The Group's 22.5% owned associated company, Sincere Smart International Limited ("Sincere Smart") had performed positively during the year. The revenue of Sincere Smart increased by 5.8% to approximately RMB5,683,000 (2015: RMB5,373,000) and the Group's share of its profit was approximately RMB521,000 for the year (2015: RMB568,000).

The finance costs for the year increased by approximately RMB232,000 or 144.1% from approximately RMB161,000 to RMB393,000. The finance costs for the year represented the interest expenses on the obligations under finance leases entered by the Group.

The Group's audited consolidated loss for the year was approximately RMB117,919,000 (2015: RMB166,387,000), which represented a decrease of approximately RMB48,468,000 or 29.1% as compared with the corresponding year. The net loss incurred was mainly attributed to the impairment loss on goodwill of approximately RMB63,271,000 (2015: RMB149,988,000), impairment loss on interest in associates of approximately RMB17,042,000 (2015: Nil) and an impairment loss on available-for-sale financial assets of approximately RMB2,687,000 (2015: RMB4,059,000) were recognised during the year under review. It was mainly attributed to the actual performance was lagged behind the original plan.

Liquidity and Financial Resources

The Group generally finances its operations through internally-generated cash flows, finance lease provided by financial institutions and shareholder's equity.

As at 31 December 2016, the Group had current assets of approximately RMB360,353,000 (2015: RMB167,353,000) and liquid assets comprising cash and short-term securities investments totalling approximately RMB54,739,000 (2015: RMB48,653,000). The Group's current ratio, calculated based on current assets of approximately RMB360,353,000 (2015: RMB167,353,000) over the current liabilities of approximately RMB41,427,000 (2015: RMB28,525,000), was at a healthy level of approximately 8.7 times as at 31 December 2016 (2015: 5.9 times).

As at 31 December 2016, the Group had long-term obligation under finance lease of approximately RMB5,132,000 (2015: RMB2,437,000) and short-term obligation under finance lease of approximately RMB1,707,000 (2015: RMB884,000).

The Group had conducted fund raising exercise during the year under review and a total approximately HK$241,600,000 of net proceeds was raised through rights issue of the Company. As at 31 December 2016, the Group's gearing ratio, being the ratio of total liabilities to total assets, was at a low level of 10.0% (2015: 9.2%).

With the amount of liquid assets and short-term securities investments on hand, together with the net proceeds raised from the rights issue, the management of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Major Events During the Year Under Review

Material acquisition and disposal

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

Rights issue

On 2 December 2015, the Company proposed to raise approximately not less than HK$245.32 million and not more than HK$287.12 million before expenses by rights issue, on the basis of six (6) rights shares of HK$0.02 each in the share capital of the Company for every one (1) share of the Company (the "Share(s)") held on 29 January 2016 at the subscription price of HK$0.16 per rights share ("Rights Issue"). The number of rights shares proposed to be issued was not less than 1,533,240,504 new Shares and not more than 1,794,509,862 new Shares ("Rights Shares"). The Company and Grand China Securities Limited ("Underwriter") entered into the underwriting agreement ("Underwriting Agreement"), pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the Rights Shares subject to the terms and conditions set out in the Underwriting Agreement. Completion of the Rights Issue took place on 29 February 2016. Details of the Rights Issue were set out in the Company's prospectus dated 1 February 2016, the circular dated 28 December 2015 and the Company's announcements dated 2 December 2015, 21 January 2016 and 26 February 2016.

The entire net proceeds from the Rights Issue was approximately HK$241.6 million and the Company intended to apply net proceeds from the Rights Issue, as to (i) approximately HK$200 million for further development of money lending business; and (ii) approximately HK$41.6 million for any future acquisition or investments.

Significant Investments

The Group had no significant investments during the year under review.

Capital Structure

Authorised share capital

As at 31 December 2016, the authorised share capital of the Company ("Authorised Share Capital") was HK$1,000,000,000 divided into 50,000,000,000 Shares of HK$0.02 each. The Authorised Share Capital had no change during the year under review.

Issued share capital

Upon the completion of Rights Issue on 29 February 2016, the number of Shares in issue was increased from 255,540,084 Shares of HK$0.02 each to 1,788,780,588 Shares of HK$0.02 each.

Use of Proceeds

The Company would like to provide information on the use of proceeds as follows:

	Nature	**Original intended use of proceeds stated in announcement dated 30 April 2014** *HK$*	**Actual use of proceeds as at the date of this announcement** *HK$*	**Remaining balance** *HK$*	**Progress**
Issue of unlisted warrants	Working Capital	1,778,000	1,778,000	–	Used as intended
Exercise in full of the subscription rights attached to unlisted warrants	Working Capital	65,664,000	9,000,000	56,664,000	Used as intended and the remaining balance unchanged with the original plan
		67,442,000	10,778,000	56,664,000	

	Nature	Original intended use of proceeds stated in circular dated 25 June 2014 and change in use of proceeds in announcement dated 20 July 2015 *HK$*	Actual use of proceeds as at the date of this announcement *HK$*	Remaining balance *HK$*	Progress
Exercise in full of bonus warrants upon the exercise rights attached to convertible bonds	Future working Capital	20,000,000	2,100,000	17,900,000	Used as intended and the remaining balance unchanged with the original plan
	Future investment opportunities	20,000,000	–	20,000,000	The remaining balance unchanged with the original plan
		40,000,000	2,100,000	37,900,000	

	Nature	Original intended use of proceeds stated in announcement dated 2 December 2015 *HK$*	Actual use of proceeds as at the date of this announcement *HK$*	Remaining balance *HK$*	Progress
Rights issue	Development of money lending business	200,000,000	200,000,000	–	Used as intended
	Future acquisition on investments	40,760,000	31,068,000	9,692,000	Used as intended and the remaining balance unchanged with the original plan
		240,760,000	231,068,000	9,692,000	

The net proceeds of approximately HK$9,692,000 raised from the Rights issue has not been utilised as at the date hereof and kept in the bank of the Company.

	Nature	Original intended use of proceeds stated in announcement dated 8 February 2017	Actual usage of proceeds as at the date of this announcement	Remaining balance	Progress
		HK$	*HK$*	*HK$*	
Placing of new Shares under general mandate	Operation of money lending business	35,000,000	35,000,000	–	Used as intended
	Working capital	8,820,000	–	8,820,000	The remaining balance unchanged with the original plan
		43,820,000	35,000,000	8,820,000	

Foreign Exchange Exposure

Since almost all transactions of the Group are denominated in Hong Kong dollars and most of the Group's assets are held in Hong Kong dollars to minimise exposure to foreign exchange risk. The Board are of the view that the Group's risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging on alternative policies to deal with such exposure during the year under review, but the Director will continue to monitor it.

Charges on Group's Assets

Save as the finance leases entered by the Group, as at 31 December 2016 and 2015, none of the assets of the Group has been pledged to secure any loan granted to the Group.

Employee and Remuneration Policies

As at 31 December 2016, the Group had about 21 employees (2015: 34 employees) working in Hong Kong and the PRC. The staff costs, including directors' emoluments, were approximately RMB5,302,000 for the year under review (2015: RMB4,590,000).

The emolument policy of the Directors are decided by the Board, taking into account recommendation from the remuneration committee of the Board, having regard to merit, qualification and competence of each Director. The Group remunerates its employees based on their performance, experience and the prevailing industrial practice. Benefits plans maintain by the Group including contribution to statutory mandatory provident fund scheme, medical insurance, the Share Option Scheme and discretionary bonus.

Gearing Ratio

As at 31 December 2016, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 10.0%.

Contingent Liabilities

As at 31 December 2016, the Group had no contingent liabilities (2015: Nil).

Capital Commitment

As at 31 December 2016, the Group did not have any material capital commitment (2015: Nil).

BUSINESS OUTLOOK AND PROSPECT

Owing to the United States Federal Reserve is expected to normalise its monetary policy with more frequent federal funds target interest rate hikes and the changes in policies after the appointment of new Chief Executive in Hong Kong. A changing domestic and external environment of Hong Kong and Mainland China are expected to remain in the financial year 2017.

Hong Kong Monetary Authority ("HKMA") continued to impose stringent policy and prudential measures on the local landed property mortgage loans provided by authorised financial institutions in Hong Kong. These measures and tight controls have created extra hurdles for the general public who may look for mortgages to satisfy their financial needs which, resulted to further opportunities to expand our mortgage loan business. With the net proceeds raised from the Rights Issue and Placing specific for the development of money lending business, we will continue on the development of the Group's mortgage loan business. We consider the market demand of mortgage loan products is still strong, under the current challenging environment, we have already implemented vigorous measures when conducting our mortgage loan business. We strongly believe these measures were particularly important and essential which help us to produce a more solid and healthy position for our mortgage loan business during the time of unstable and uncertain economic environment.

The competitive and keen operating environment in the money lending business, diversification of the Group's business divisions is believed to safeguard a stable growth of the Group. Great potential in trading of electronic parts emerges from people's pursuit of efficiency of which the Directors consider as one of the growth engine in the foreseeable future.

Looking forward, the Group will devote its resources to expand the money lending business in a proactive yet cautious manner. The management will continue to closely monitor the credit risk of the loan portfolio on an ongoing basis. The Group shall continue to put resources to strengthen its market in the trading of electronic parts. The Group will also explore other potential investment opportunities in order to broaden our income sources.

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 December 2016, 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.

Share Option

The Company has adopted the existing share option scheme (the "Share Option Scheme") on 24 September 2009. During the year under review, the scheme mandate limit of which has been refreshed at the annual general meeting ("AGM") and extraordinary general meeting of the Company held on 12 May 2016 and 3 October 2016, respectively. On 20 July 2016, 178,800,000 share options were granted and the offer of the grant of 178,800,000 share options were cancelled on 12 August 2016. On 22 December 2016, 178,000,000 share options were granted.

Pursuant to the Share Option Scheme, the Directors may, at their discretion, offer to employees, Directors or its subsidiaries other eligible participants options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The exercise price of options is the highest of the nominal value of the Shares, the closing price of the Shares as stated on the Stock Exchange's daily quotations sheet on the date of the offer of grant which must be on trading day and the average closing price of the Shares as stated on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of grant. The options vest immediate from the date of grant and are then exercisable within a period of ten years subject to the provisions for early termination thereof.

As at 31 December 2016, certain consultants, advisers and service providers of the Company had the following interests in options to subscribe for shares of the Company granted for nil consideration under the Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK$0.02 of the Company.

Details of grantees	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Consultants, Advisers, Service Providers, Employees and Others	160,850	11 November 2009	11 November 2009 to 10 November 2019	HK$59.029
	11,886,000	28 November 2013	29 November 2013 to 28 November 2017	HK$4.557
	178,000,000	22 December 2016	22 December 2016 to 21 December 2017	HK$0.1605

Apart from the foregoing, at no time during the year under review was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

Directors' and Chief Executives' Rights to Acquire Shares or Debt Securities

As at 31 December 2016, 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.

Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at 31 December 2016, 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 (other than the Directors and chief executive of the Company) 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.

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 year.

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. Except from 4 July 2016 to 10 August 2016, during the year under review, the Audit Committee comprised of three members and all of whom are independent non-executive Directors. Mr. Ho Kei Wing, Nelson resigned on 4 July 2016 as an independent non-executive Director and thus ceased as a member of Audit Committee and Ms. Ho Yuen Ki was appointed on 10 August 2016 as a replacement. Mr. Kwok Pak Yu, Steven who process appropriate professional qualifications, accounting and related financial management expertise, is the Chairman of the Audit Committee. The Audit Committee meets at least quarterly. The Group's audited financial results for the year under review 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 year under review, 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 year under review.

Corporate Governance

Throughout the year under review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, except rule 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 rule A.6.7 that independent non-executive Directors did not attend all general meetings.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The internal control system includes safeguarding of the interest of shareholders and the Group's assets. It has been an important duty of the Board to conduct a review of internal control system to ensure the effectiveness and adequacy of the system of the Group annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

The Group has engaged an independent internal control review advisor (the "Internal Control Advisor") to conduct the annual review on the effectiveness of the internal control system. Review of the Group's internal controls covered major operational, financial and compliance controls, as well as risk management functions of different systems has been performed on a systematic rotational basis on the risk assessments of the operations and controls. During the risk assessment process, the Internal Control Advisor interviewed the relevant personnel and identified the business objectives and significant risks of the Group. A risk management report prepared by the Internal Control Advisor which sets out the risks, issues and recommended action plan was presented to the Board for review and endorsement. The Board considered that significant risks of the Group were managed within the acceptable level and the management will continue to monitor the residual risks and report to the Board on ongoing basis.

Major Events After the Year Under Review

Placing

On 24 February 2017, an aggregate of 357,740,000 placing shares have been placed at the placing price of HK$0.125 per placing share under general mandate (the "Placing"). The Company received net proceeds of approximately HK$43.82 million from the Placing. The Company intends to apply the said net proceeds as to (i) approximately HK$35.00 million for further expanding the money lending business; and (ii) approximately HK$8.82 million for general working capital of the Group.

Save as the Placing disclosed above, the Group does not have other material events after the year under review.

By Order of the Board
Hao Wen Holdings Limited
Tsui Annie
Chairlady

Hong Kong, 24 March 2017

As at the date of this announcement, the executive Directors are Ms. Tsui Annie and Ms. Wang Ziyi; the independent non-executive Directors are Mr. Kwok Pak Yu, Steven, Ms. Ma Sijing and Ms. Ho Yuen Ki.

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 website of the Company at http://www.tricor.com.hk/webservice/008019.