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 2017

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.

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 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 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 2017 was approximately RMB47,060,000 representing an increase of approximately 73.3% as compared to the previous year.

- Loss for the year ended 31 December 2017 attributable to owners of the Company was approximately RMB60,996,000 representing a decrease of approximately 27.4% as compared to the previous year.

- Loss per share was approximately RMB2.91 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 2017, together with the comparative audited figures for the year ended 31 December 2016, as follows:

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*3*	**47,060**	27,153
Cost of sales		**(15,867)**	(12,400)
Gross profit		**31,193**	14,753
Other gains	*5*	**–**	1
Loss on fair value of financial assets at fair value through profit or loss		**(35,203)**	(19,667)
General and administrative expenses		**(40,906)**	(29,618)
Impairment loss on intangible assets		**–**	(142)
Impairment loss on goodwill		**–**	(63,271)
Impairment loss on interest in associates		**(17,387)**	(17,042)
Impairment loss on available-for-sale financial assets		**(1,416)**	(2,687)
Loss from operations		**(63,719)**	(117,673)
Share of results of associates		**616**	521
Finance costs		**(373)**	(393)
Loss before taxation	*6*	**(63,476)**	(117,545)
Income tax expense	*7*	**(879)**	(374)
Loss for the year		**(64,355)**	(117,919)
Other comprehensive (loss)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(30,031)**	26,883
Share of changes in other comprehensive (loss)/income in associates		**(140)**	59
Loss arising on revaluation of available-for-sale financial assets		**(1,416)**	(2,687)
Reclassification adjustments relating to available-to-sale financial assets		**1,416**	2,687
		(30,171)	26,942
Total comprehensive loss for the year		**(94,526)**	(90,977)

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(60,996)**	(84,021)
Non-controlling interests		**(3,359)**	(33,898)
		(64,355)	(117,919)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(91,167)**	(57,079)
Non-controlling interests		**(3,359)**	(33,898)
		(94,526)	(90,977)
Loss per share	*9*		
Basic and diluted (RMB cents)		**(2.91)**	(5.44)

Consolidated Statement of Financial Position
At 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Plant and equipments		**5,223**	31,269
Goodwill		**11,661**	12,541
Available-for-sale financial assets		**7,813**	9,868
Interest in associates		**24,925**	46,156
Loan receivables		**13,824**	3,974
		63,446	103,808
Current assets			
Inventories		**–**	126
Trade, loan and other receivables, prepayments and deposits	*10*	**314,157**	305,488
Financial assets at fair value through profit or loss		**6,135**	43,047
Cash and bank balances		**14,266**	11,692
		334,558	360,353
Current liabilities			
Trade and other payables	*11*	**31,553**	39,610
Tax payables		**1,122**	110
Obligation under finance leases		**1,314**	1,707
		33,989	41,427
Net current assets		**300,569**	318,926
Total assets less current liabilities		**364,015**	422,734
Non-current liabilities			
Obligation under finance leases		**2,123**	5,132
Net assets		**361,892**	417,602

	2017	2016
	RMB'000	*RMB'000*
Capital and reserves attributable to owners of the Company		
Share capital	**36,184**	29,847
Reserves	**338,621**	397,309
Equity attributable to owners of the Company	**374,805**	427,156
Non-controlling interests	**(12,913)**	(9,554)
Total equity	**361,892**	417,602

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 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 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the money lending, manufacturing of biomass fuel product 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 IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of Annual Improvements to IFRSs 2014-2016 Cycle

Except as described below 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.

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:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC – Int 23	Uncertainty over income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 28	Long-term Interests in Associates and Joint Venture[2]
Amendments to IAS 28	As part of the Annual improvements to IFRSs 2014-2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2021.

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.

	2017	2016
	RMB'000	*RMB'000*
Trading and manufacturing of biomass fuel	**–**	3,784
Interest income earned from the money lending business	**32,007**	19,207
Trading of electronic parts	**15,053**	4,162
Total	**47,060**	27,153

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; and

(iii) Trading of electronic parts.

Segment revenues and results

	Money lending		Biomass fuel		Electronic parts		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue								
External sales	**32,007**	19,207	**–**	3,784	**15,053**	4,162	**47,060**	27,153
Result								
Segment result	**6,706**	5,529	**(7,104)**	(6,053)	**3,013**	788	**2,615**	264
Unallocated corporate income							**–**	1
Unallocated corporate expenses							**(12,328)**	(15,129)
Impairment loss on intangible assets	**–**	–	**–**	–	**–**	–	**–**	(142)
Loss on fair value of financial assets at fair value through profit or loss							**(35,203)**	(19,667)
Impairment loss on available-for-sale financial assets							**(1,416)**	(2,687)
Impairment loss on goodwill	**–**	–	**–**	(63,271)	**–**	–	**–**	(63,271)
Impairment loss on interest in associates							**(17,387)**	(17,042)
Loss from operations							**(63,719)**	(117,673)
Share of results of associates							**616**	521
Finance costs							**(373)**	(393)
Loss before taxation							**(63,476)**	(117,545)
Income tax expense							**(879)**	(374)
Loss for the year							**(64,355)**	(117,919)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: 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, loss on fair value of 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		Electronic parts		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets								
Segment assets	**320,028**	301,120	**4,496**	27,110	**15,542**	16,923	**340,066**	345,153
Unallocated corporate assets							**57,938**	119,008
							398,004	464,161
Liabilities								
Segment liabilities	**17,484**	16,374	**2,063**	18,318	**9,214**	3,719	**28,761**	38,411
Unallocated corporate liabilities							**7,351**	8,148
							36,112	46,559

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 than tax payable and corporate liabilities.

Other segment information

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

	Money lending		Biomass fuel		Electronic parts		Unallocated		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	RMB'000
Capital expenditure	**9**	4,122	**–**	–	**–**	–	**9**	5,032	**18**	9,154
Depreciation and amortisation	**866**	1,326	**4,087**	5,476	**–**	–	**918**	1,003	**5,871**	7,805
Impairment loss on intangible assets	**–**	–	**–**	–	**–**	–	**–**	142	**–**	142
Impairment Loss on available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**1,416**	2,687	**1,416**	2,687
Impairment loss on goodwill	**–**	–	**–**	63,271	**–**	–	**–**	–	**–**	63,271
Impairment loss on interest in associates	**–**	–	**–**	–	**–**	–	**17,387**	17,042	**17,387**	17,042
Impairment loss on loan receivables	**3,328**	–	**–**	–	**–**	–	**–**	–	**3,328**	–
Loss on fair value of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**35,203**	19,667	**35,203**	19,667
Loss/(gain) on disposal of plant and equipments	**–**	61	**2,500**	–	**–**	–	**(194)**	354	**2,306**	415
Share-based payment expenses	**–**	–	**–**	–	**–**	–	**–**	504	**–**	504
Write-down of inventories	**–**	–	**126**	–	**–**	–	**–**	–	**126**	–

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 2017	Year ended 31 December 2016	**As at 31 December 2017**	As at 31 December 2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**15,053**	7,946	**1,730**	22,445
Hong Kong	**32,007**	19,207	**53,903**	71,495
	47,060	27,153	**55,633**	93,940

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

No customer contribute 10% or more of the total revenue for the years ended 31 December 2016 and 2017.

5. OTHER GAINS

	2017	2016
	RMB'000	*RMB'000*
Sundry income	**–**	1

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

(a) Finance costs

	2017	2016
	RMB'000	*RMB'000*
Interest on obligations under finance leases	**373**	393

(b) Staff costs (including directors' emoluments)

	2017	2016
	RMB'000	*RMB'000*
Contributions to defined contribution plans	**111**	123
Salaries, wages and other benefits	**5,235**	5,179
Total staff costs	**5,346**	5,302

(c) Other items

	2017 *RMB'000*	2016 *RMB'000*
Amortisation of intangible assets	**–**	48
Depreciation	**5,871**	7,757
Operating lease charges in respect of property rentals:		
Minimum lease payments	**2,265**	2,326
Auditors' remuneration	**950**	950
Cost of inventories sold	**15,867**	12,400
Share-based payment expense	**–**	504
Impairment loss on loan receivables	**3,328**	–
Impairment loss on available-for-sale financial assets	**1,416**	2,687
Impairment loss on interest in associates	**17,387**	17,042
Impairment loss on intangible assets	**–**	142
Impairment loss on goodwill	**–**	63,271
Loss on disposal of plant and equipments	**2,306**	415
Write-down of inventories	**126**	–
Unrealised loss on fair value of financial assets at fair value through profit or loss	**35,203**	19,667

7. INCOME TAX EXPENSE

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

	2017 *RMB'000*	2016 *RMB'000*
Current tax		
Hong Kong	**126**	–
PRC Enterprise Income Tax	**753**	170
Under-provision in prior year – Hong Kong	**–**	204
	879	374

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year ended 31 December 2017.

(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 2017 (2016: 25%).

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2017 (2016: 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:

	2017	2016
	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	**(60,996)**	(84,021)

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,093,595**	1,544,023

Note:

The weighted average number of ordinary shares for the years ended 2016 has 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 2017 and 2016 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

	2017	2016
	RMB'000	*RMB'000*
0 to 30 days	**3,109**	–
31 to 60 days	**–**	87
61 to 90 days	**–**	4,403
Over 90 days	**247**	266
	3,356	4,756
Less: allowance for doubtful debts	**–**	–
	3,356	4,756

Customers are generally granted with credit term of 90 days.

(ii) Loan Receivable

	2017	2016
	RMB'000	*RMB'000*
0-30 days	**19,674**	18,742
31 to 60 days	**11,353**	–
61 to 90 days	**54,087**	143,251
91 to 180 days	**164,610**	29,746
181 to 365 days	**57,509**	65,078
Over 365 days	**12,764**	39,960
	319,997	296,777
Less: allowance for doubtful debts	**(3,328)**	–
	316,669	296,777

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

11. TRADE PAYABLES

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

	2017	2016
	RMB'000	*RMB'000*
0 to 30 days	**–**	–
Over 30 days	**9,171**	946
	9,171	946

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

12. EVENTS AFTER THE REPORTING PERIOD

On 12 January 2018, the Company issued unsecured bonds to independent third parties with principal amount of HK$30,000,000 and with effective rate of 11% per annum. The maturity date of which is 3 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

The money lending business remained a major source of income of the Group. The Group recorded a growth of 66.6% in revenue from money lending business as compared with 2016 due to persisting demand for loan products. As at 31 December 2017, the loan portfolio held by the Group was approximately RMB316,669,000. Interest income earned from the money lending business reached approximately RMB32,007,000 during the year under review, which represented approximately 68.0% of the total revenue.

In September 2016, the Group acquired Reach Solution Technology Limited and its subsidiaries ("Reach Solution") to participate in trading of electronic parts with an aim to achieve a steady and sustainable growth through business diversification. The revenue was approximately RMB15,053,000 during the year under review, which recorded a growth of 261.7% in revenue as compared with 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. In the view of the poor performance of the biomass fuel business, the directors minimise the capital expenditure and cut the unnecessary costs during the year under review.

Financial review

During the year under review, the Group recorded an audited consolidated revenue of approximately RMB47,060,000 (2016: RMB27,153,000), which represented an increase of approximately 73.3% as compared with that of 2016.

	2017	2016
Sales revenue growth rate		
Money lending business	**67%**	110%
Biomass fuel business	**(100)%**	(86)%
Electronic parts business	**262%**	100%

	2017	2016
Gross profit ratio for the year	**66.3%**	54.3%
Assets Turnover ratio (Turnover/Total Assets)	**11.82%**	5.8%

The increase of audited consolidated revenue was primary attributable to the increase of income from the money lending business and trading of electronic parts. For the year under review, income from money lending business and trading of electronic parts had increased by approximately RMB12,800,000 and RMB10,891,000, or approximately 66.6% or 261.7%, respectively, to approximately RMB32,007,000 and RMB15,053,000, respectively, from approximately RMB19,207,000 and RMB4,162,000 in the corresponding year. In 2017, no revenue has been generated from trading and manufacturing of biomass fuel for the corresponding year.

The Group has derived net interest income from our loan portfolio of approximately RMB32,007,000 as at 31 December 2017 (2016: RMB19,207,000). The increase of net interest income was mainly due to the Group continued to channel resources to advertising and promotion to increase the awareness to our customers. During the year under review, the allowance for doubtful debts on loan receivables released to profit to loss of approximately RMB3,328,000 (2016: Nil).

The loss on fair value of financial assets at fair value through profit or loss incline to approximately RMB35,203,000 (2016: RMB19,667,000) was recorded from the listed securities portfolio held by the Group for the year under review.

The general and administrative expenses increased by approximately RMB11,288,000 or 38.1% from RMB29,618,000 to RMB40,906,000. 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 52.6% to approximately RMB8,674,000 (2016: RMB5,683,000) and the Group's share of its profit was approximately RMB616,000 for the year (2016: RMB521,000).

The finance costs for the year decreased by approximately RMB20,000 or 5.1% from approximately RMB393,000 to RMB373,000. 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 RMB64,355,000 (2016: RMB117,919,000), which represented a decrease of approximately RMB53,564,000 or 45.4% as compared with the corresponding year. The net loss incurred was mainly attributable to the loss on fair value of financial assets at fair value through profit or loss of approximately RMB35,203,000 and impairment loss on interest in associates of approximately RMB17,387,000 for the year under review. The net loss incurred for the year ended 31 December 2016 was mainly attributable to the loss on fair value of financial assets at fair value through profit or loss of approximately RMB19,667,000, impairment loss on goodwill of approximately RMB63,271,000 and impairment loss on interest in associates of approximately RMB17,042,000.

Liquidity and Financial Resources

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

As at 31 December 2017, the Group had current assets of approximately RMB334,558,000 (2016: RMB360,353,000) and liquid assets comprising cash and short-term securities investments totalling approximately RMB20,401,000 (2016: RMB54,739,000). The Group's current ratio, calculated based on current assets of approximately RMB334,558,000 (2016: RMB360,353,000) over the current liabilities of approximately RMB33,989,000 (2016: RMB41,427,000), was at a healthy level of approximately 9.8 times as at 31 December 2017 (2016: 8.7 times).

As at 31 December 2017, the Group had long-term obligation under finance leases of approximately RMB2,123,000 (2016: RMB5,132,000) and short-term obligation under finance leases of approximately RMB1,314,000 (2016: RMB1,707,000).

The Group had conducted fund raising exercise during the year under review and a total approximately HK$43,820,000 of net proceeds was raised through placing of new shares under general mandate. As at 31 December 2017, the Group's gearing ratio, being the ratio of total liabilities to total assets, was at a low level of 9.1% (2016: 10.0%).

With the amount of liquid assets and short-term securities investments on hand, together with the net proceeds raised from the placing, 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.

Placing of new shares under general mandate

On 8 February 2017, the Company and China Sky Securities Limited ("Placing Agent") entered into the placing agreement ("Placing Agreement"), pursuant to which the Placing Agent agreed to procure not less than six placees ("Placees") to subscribe up to 357,756,117 new shares of the Company on a best effort basis, at an issue price of HK$0.125 ("Placing Price") per placing share ("Placing Share(s)") ("Placing").

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the shares of the Company ("Share(s)") and the market conditions. The Placing Price represents (i) a discount of approximately 16.11% to the closing price of HK$0.149 per Share as quoted on the Stock Exchange on 8 February 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 16.44% to the average closing price of HK$0.1496 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Directors are of the view that the Placing will further facilitate the existing business development and implementation of the business strategies of the Company and supplement the working capital of the Group to meet any future development and obligations. The Placing also represent good opportunities to broaden the shareholders' base and the capital base of the Company.

The Placing was completed on 24 February 2017. An aggregate of 357,740,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees, at the Placing Price of HK$0.125 per Placing Share. The Company received net proceeds of approximately HK$43,820,000 from the Placing. The Company had been applied the net proceeds as to (i) approximately HK$35,000,000 for the operation of money lending business; and (ii) approximately HK$8,820,000 for general working capital of the Group.

At the date of this announcement, net proceeds of HK$35,000,000 and HK$8,820,000 raised from the Placing had been applied for the operation of money lending business and for general working capital of the Group respectively.

Significant Investments

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

Capital Structure

Authorised share capital

As at 31 December 2017, 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 the Placing on 24 February 2017, the number of Shares in issue was increased from 1,788,780,588 Shares of HK$0.02 each to 2,146,520,588 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 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	

	Nature	Original intended use of proceeds stated in announcement dated 8 February 2017 *HK$*	Actual usage of proceeds as at the date of this announcement *HK$*	Remaining balance *HK$*	Progress
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	–	Used as intended
		43,820,000	43,820,000	–	

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 Assets

Save as the finance leases entered by the Group, as at 31 December 2017 and 2016, none of the assets of the Group has been pledged to secure any loan granted to the Group.

Human Resources

As at 31 December 2017, the Group had about 20 employees (2016: 21 employees) working in Hong Kong and the PRC. The staff costs, including directors' emoluments, were approximately RMB5,346,000 for the year under review (2016: RMB5,302,000).

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 2017, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 9.1%.

Contingent Liabilities

As at 31 December 2017, the Group had no contingent liabilities (2016: Nil).

Capital Commitment

As at 31 December 2017, the Group did not have any material capital commitment (2016: Nil).

BUSINESS OUTLOOK AND PROSPECT

Hong Kong Monetary Authority continued to impose stringent policy and prudential measures on loans provided by authorised financial institutions in Hong Kong. In respond to the challenging business environment, we have already implemented vigorous measures when conducting our core businesses. We strongly believe these measures are particularly important and essential which help us to produce a solid and healthy position in the foreseeable future.

Looking forward, the Group will continue to manage its business with a prudent and cautions manner and will also explore other potential investment opportunities in order to broaden our income sources, which drive a sustainable growth going forward.

OTHER INFORMATION

Final Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2017 (2016: Nil).

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 2017, 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. The scheme mandate limit of which has been refreshed at the annual general meeting of the Company on 19 May 2017. During the year under review, 189,886,000 share options were lapsed, no share options had been granted, exercised nor cancelled.

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 2017, 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

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 2017, 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 2017, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

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. During the year under review, the Audit Committee comprised of three members and all of whom are independent non-executive Directors. Mr. KWOK Pak Yu, Steven resigned on 14 November 2017 as an independent non-executive Director and a member of Audit Committee and Mr. CHAN Kwan Yiu was appointed on the same day as a replacement. Mr. CHAN Kwan Yiu 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

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.

Save as disclosed above, the Group has no other major event after the year under review.

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

Hong Kong, 26 March 2018

As at the date of this announcement, the Board comprises Ms. TSUI Annie and Ms. WANG Ziyi as executive Directors; and Mr. CHAN Kwan Yiu, Ms. MA Sijing and Ms. HO Yuen Ki as independent non-executive Directors.

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.