



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 2018**

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

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

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

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This 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 or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- Unaudited turnover of the Group for the six months ended 30 June 2018 amounted to approximately RMB36,298,000 representing an increase of approximately 62.6% over the corresponding period in 2017.
- Profit attributable to owners of the Company for the six months ended 30 June 2018 was approximately RMB5,393,000.
- Earnings per share for the six months ended 30 June 2018 was approximately RMB0.25 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018.

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 2018, 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)

		Six months ended 30 June		Three months ended 30 June	
		2018	2017	2018	2017
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	3	36,298	22,318	17,548	11,258
Cost of sales		<u>(15,314)</u>	<u>(6,099)</u>	<u>(7,562)</u>	<u>(2,908)</u>
Gross profit		20,984	16,219	9,986	8,350
Other gains and losses	5	(589)	(29,369)	(531)	(33,784)
General and administrative expenses		<u>(12,737)</u>	<u>(17,878)</u>	<u>(6,478)</u>	<u>(5,383)</u>
Profit/(loss) from operations		7,658	(31,028)	2,977	(30,817)
Share of results of associates		290	255	147	120
Finance costs	6(a)	<u>(1,413)</u>	<u>(198)</u>	<u>(696)</u>	<u>(127)</u>
Profit/(loss) before taxation	6	6,535	(30,971)	2,428	(30,824)
Income tax expenses	7	<u>(1,251)</u>	<u>(1,620)</u>	<u>(336)</u>	<u>(1,181)</u>
Profit/(loss) for the period		<u>5,284</u>	<u>(32,591)</u>	<u>2,092</u>	<u>(32,005)</u>
Profit/(loss) for the period attributable to:					
Owners of the Company		5,393	(31,532)	2,131	(31,478)
Non-controlling interests		<u>(109)</u>	<u>(1,059)</u>	<u>(39)</u>	<u>(527)</u>
Earnings/(loss) per share					
– Basic and diluted (RMB cents)	9	<u>0.25</u>	<u>(1.55)</u>	<u>0.10</u>	<u>(1.47)</u>

	Six months ended		Three months ended	
	30 June		30 June	
	2018	2017	2018	2017
Notes	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(loss) for the period	5,284	(32,591)	2,092	(32,005)
Other comprehensive income/(loss), net of income tax				
Exchange differences on translating foreign operations	5,137	(12,589)	20,337	(8,614)
Total comprehensive income/(loss) for the period	10,421	(45,180)	22,429	(40,619)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	10,530	(44,121)	22,468	(40,092)
Non-controlling interests	(109)	(1,059)	(39)	(527)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2018 <i>RMB'000</i>	(Audited) As at 31 December 2017 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipments		2,603	5,223
Goodwill		11,661	11,661
Available-for-sale financial assets		8,014	7,813
Interests in associates		25,974	24,925
Loans receivables	10	161,854	13,824
		<u>210,106</u>	<u>63,446</u>
Current assets			
Inventories		4,768	–
Trade, loan and other receivables, prepayments and deposits	10	180,053	314,157
Financial assets at fair value through profit or loss		5,015	6,135
Cash and bank balances		11,245	14,266
		<u>201,081</u>	<u>334,558</u>
Current liabilities			
Trade and other payables	11	11,327	31,553
Tax payables		2,244	1,122
Obligations under finance leases		–	1,314
		<u>13,571</u>	<u>33,989</u>
Net current assets		<u>187,510</u>	<u>300,569</u>
Total assets less current liabilities		<u>397,616</u>	<u>364,015</u>
Non-current liabilities			
Bonds		25,303	–
Obligations under finance leases		–	2,123
		<u>25,303</u>	<u>2,123</u>
Net assets		<u>372,313</u>	<u>361,892</u>
Capital and reserves attributable to owners of the Company			
Share capital		36,184	36,184
Reserves		349,151	338,621
		<u>385,335</u>	<u>374,805</u>
Equity attributable to owners of the Company		385,335	374,805
Non-controlling interests		(13,022)	(12,913)
Total equity		<u>372,313</u>	<u>361,892</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Warrants reserve <i>RMB'000</i>	Capital reduction reserve <i>RMB'000</i>	Share-based compensation reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2017	29,847	325,164	1,263	495,170	34,568	29,283	(488,139)	427,156	(9,554)	417,602
Loss for the period	–	–	–	–	–	–	(31,532)	(31,532)	(1,059)	(32,591)
Exchange differences on translating foreign operation	–	–	–	–	–	(12,589)	–	(12,589)	–	(12,589)
Total comprehensive loss for the six months ended 30 June 2017	–	–	–	–	–	(12,589)	(31,532)	(44,121)	(1,059)	(45,180)
Issue of shares upon placing of shares	6,337	33,271	–	–	–	–	–	39,608	–	39,608
Transaction costs in relation to issue of shares pursuant to placing of shares	–	(792)	–	–	–	–	–	(792)	–	(792)
Lapse of warrants	–	–	(1,263)	–	–	–	1,263	–	–	–
At 30 June 2017	<u>36,184</u>	<u>357,643</u>	<u>–</u>	<u>495,170</u>	<u>34,568</u>	<u>16,694</u>	<u>(518,408)</u>	<u>421,851</u>	<u>(10,613)</u>	<u>411,238</u>
At 1 January 2018	36,184	357,643	–	495,170	7,315	(888)	(520,619)	374,805	(12,913)	361,892
Profit/(loss) for the period	–	–	–	–	–	–	5,393	5,393	(109)	5,284
Exchange differences on translating foreign operation	–	–	–	–	–	5,137	–	5,137	–	5,137
Total comprehensive loss for the six months ended 30 June 2018	–	–	–	–	–	5,137	5,393	10,530	(109)	10,421
At 30 June 2018	<u>36,184</u>	<u>357,643</u>	<u>–</u>	<u>495,170</u>	<u>7,315</u>	<u>4,249</u>	<u>(515,226)</u>	<u>385,335</u>	<u>(13,022)</u>	<u>372,313</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(30,099)	(30,905)
Net cash generated from investing activities	2,612	–
Net cash generated from financing activities	20,453	37,665
Net (decrease)/increase in cash and cash equivalents	(7,034)	6,760
Cash and cash equivalents, at 1 January	14,266	11,692
Effect of foreign exchange rate changes	4,013	(9,102)
Cash and cash equivalents, at 30 June	11,245	9,350
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	11,245	9,350

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 Group is primarily engaged in money lending business, trading and manufacturing of biomass fuel product, and processing and trading of electronic parts.

2. BASIS OF PREPARATION

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, (“IAS 34”) issued 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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

(a) Statement of compliance

This unaudited consolidated financial information should be read in conjunction with Company’s 2017 Annual Report, which has been prepared in accordance with IAS 34 except for adoption of new and revised IFRSs which are effective to the Group for accounting periods beginning on or after 1st January 2018. 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

The 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 IAS 34 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. In preparing this interim financial report, the significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that were applied to the 2016 annual financial statements.

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) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Interest income earned from the money lending business	16,665	14,774	7,854	7,703
Processing and trading of electronic parts	19,633	7,544	9,694	3,555
	<u>36,298</u>	<u>22,318</u>	<u>17,548</u>	<u>11,258</u>

4. SEGMENT REPORTING

Segment revenues and results

	(Unaudited) For the six months ended 30 June							
	Biomass fuel products		Money lending		Electronic Parts		Consolidated	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Turnover								
External sales	–	–	16,665	14,774	19,633	7,544	36,298	22,318
Result								
Segment results	(272)	(2,273)	9,892	7,721	4,317	1,446	13,937	6,894
Unallocated corporate expenses							(5,124)	(8,553)
Fair value loss on financial assets at fair value through profit or loss							(1,155)	(29,369)
Profit/(loss) from operations							7,658	(31,028)
Share of results of associates							290	255
Finance costs							(1,413)	(198)
Profit/(loss) before taxation							6,535	(30,971)
Income tax expenses							(1,251)	(1,620)
Profit/(loss) for the period							<u>5,284</u>	<u>(32,591)</u>

(Unaudited)								
For the three months ended 30 June								
	Biomass fuel products		Money lending		Electronic Parts		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover								
External sales	–	–	7,854	7,703	9,694	3,555	17,548	11,258
Result								
Segment results	(94)	(1,126)	4,348	4,224	2,131	648	6,385	3,746
Unallocated corporate expenses							(2,596)	(779)
Fair value loss on financial assets at fair value through profit or loss							(812)	(33,784)
Profit/(loss) from operations							2,977	(30,817)
Share of results of associates							147	120
Finance costs							(696)	(127)
Profit/(loss) before taxation							2,428	(30,824)
Income tax expenses							(336)	(1,181)
Profit/(loss) for the period							2,092	(32,005)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2017: Nil).

	Biomass fuel products		Money lending		Electronic Parts		Consolidated	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at	As at	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets								
Segment assets	4,234	4,496	325,185	320,028	47,264	15,542	376,683	340,066
Unallocated corporate assets							34,504	57,938
							411,187	398,004
Liabilities								
Segment liabilities	2,196	17,484	10,723	2,063	2,186	9,214	15,105	28,761
Unallocated corporate liabilities							23,769	7,351
							38,874	36,112

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

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

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

5. OTHER GAINS AND LOSSES

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Fair value loss on financial assets at fair value through profit or loss	(1,155)	(29,369)	(812)	(33,784)
Sundry income	566	—	281	—
	<u>(589)</u>	<u>(29,369)</u>	<u>(531)</u>	<u>(33,784)</u>

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) from ordinary activities before taxation is arrived at after charging:

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
(a) Finance costs				
Interest on unsecured bonds	1,343	—	692	—
Interest on obligations under finance leases	70	198	4	127
Total finance costs	<u>1,413</u>	<u>198</u>	<u>696</u>	<u>127</u>
(b) Staff costs (including directors' remuneration)				
Contributions to defined contribution plans	51	54	18	31
Salaries, wages and other benefits	1,723	2,129	797	1,090
Total staff costs	<u>1,774</u>	<u>2,183</u>	<u>815</u>	<u>1,121</u>
(c) Other items`				
Depreciation	575	3,122	305	1,553
Auditors' remuneration	387	419	196	181
Cost of inventories sold	15,314	6,099	7,562	2,908

7. INCOME TAX EXPENSES

Income tax expenses in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Current tax				
Hong Kong	1,251	1,258	336	1,019
PRC Enterprise Income Tax	—	362	—	162
	<u>1,251</u>	<u>1,620</u>	<u>336</u>	<u>1,181</u>

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the period ended 30 June 2018.

(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 the 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 period ended 30 June 2018 (2017: 25%).

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months ended 30 June 2018 was based on the profit for the period attributable to owners of the Company of approximately RMB2,131,000 (2017: loss attributable to owners of the Company of approximately RMB31,478,000) and on the weighted average number of ordinary shares of approximately 2,146,520,588 shares (2017: 2,146,520,588 shares).

The calculation of basic earnings per share for the six months ended 30 June 2018 was based on the profit for the period attributable to owners of the Company of approximately RMB5,393,000 (2017: loss attributable to owners of the Company of approximately RMB31,532,000) and on the weighted average number of ordinary shares of approximately 2,146,520,588 shares (2017: 2,039,791,527 shares).

Diluted earnings/(loss) per share for the three months ended 30 June 2018 (three months ended 30 June 2017) and six months ended 30 June 2018 (six months ended 30 June 2017) were the same as the basic earnings/(loss) per share. The Company's outstanding share options was not included in the calculation of diluted earnings/(loss) per share because the effects of the Company's outstanding share option was anti-dilutive.

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

	(Unaudited) As at 30 June 2018 RMB'000	(Audited) As at 31 December 2017 RMB'000
Trade debtors	14,096	3,356
Loans receivables (<i>note</i>)	314,986	316,669
Other receivables	6,096	6,903
Rental and other deposits	322	319
Prepayments	6,407	734
	341,907	327,981
Less: Non-current portion		
– Loans receivables (<i>note</i>)	(161,854)	(13,824)
	180,053	314,157

Note:

The Group's loans receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. Secured loans 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 loans receivables

Included in trade receivables are trade debtors and loans receivables with ageing analysis as of the end of the reporting period:

	(Unaudited) As at 30 June 2018 <i>RMB'000</i>	(Audited) As at 31 December 2017 <i>RMB'000</i>
Less than 90 days	10,402	88,223
91 to 180 days	34,933	164,857
Over 180 days	286,992	70,273
	332,327	323,353
Less: allowance for doubtful debts	(3,245)	(3,328)
	329,082	320,025

Customers are generally granted with credit term of 90 days.

11. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 June 2018 <i>RMB'000</i>	(Audited) As at 31 December 2017 <i>RMB'000</i>
Trade creditors	1,700	9,171
Accrued expenses and other payables	9,627	22,382
	11,327	31,553

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

	(Unaudited) As at 30 June 2018 <i>RMB'000</i>	(Audited) As at 31 December 2017 <i>RMB'000</i>
0 to 30 days	—	—
Over 30 days	1,700	9,171
	1,700	9,171

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2018 (the “Period”), the Group recorded an unaudited consolidated turnover of approximately RMB36,298,000 (2017: RMB22,318,000), which represented an increase of approximately 62.6% as compared with that of the corresponding period in 2017.

The increase of turnover was mainly attributed to the increase in revenue from the money lending business and the processing and trading of electronic parts. Interest income earned from the money lending business increased by approximately RMB1,891,000 or 12.8% as compared with the corresponding period in 2017. Meanwhile the revenue from processing and trading of electronic parts boost by approximately RMB12,089,000 or 160.2% as compared with corresponding period in 2017.

The other gains and losses were mainly attributed to net unrealised loss of approximately RMB1,155,000 (2017: RMB29,369,000) recorded from the listed securities portfolio held by the Group as at 30 June 2018.

The general and administrative expenses for the Period decreased by approximately RMB5,141,000 or 28.8% as compared with the corresponding period in 2017. The decreased was mainly attributed to the drop in depreciation changes and advertising expenses recorded during the Period under review compared with the corresponding period in 2017.

Finance costs for the Period increased by approximately RMB1,215,000 or 613.6% as compared with the corresponding period in 2017. The finance costs for the Period under review represented the interest expenses on the obligations under finance leases entered by the Group for the acquisition of fixed assets and effective interests on the unsecured bonds issued during the Period.

Profit attributable to owners of the Company for the Period amounted to RMB5,393,000 (2017: loss attributable to owners of the Company RMB31,532,000), which represented approximately RMB36,925,000 or 117.1% increase as compared with the corresponding period in 2017.

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. Due to the stable demand in the loan market in Hong Kong, the Group recorded a growth of 12.8% in revenue from money lending business as compared with the corresponding period in 2017. Interest income earned from the money lending business was approximately RMB16,665,000 during the Period, which represented approximately 45.9% of the total revenue.

The Group commenced the processing and trading of electronic parts business since 2016. 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. In 2018, the Group expanded its processing center and devoted more resources to expand the processing center, which lead to a growth of 160.2% in revenue as compared with the corresponding period in 2017.

During the Period, no sale was recognised for the manufacturing of biomass fuel products business due to the extremely weak demand. In the view of the poor performance of the manufacturing of biomass fuel business, the directors minimise the capital expenditure and cut the unnecessary costs.

Looking forward, the Group would devote its existing resources to expand the processing and trading of electronic parts business while keeping steady in the money lending business. The Group would also explore other potential investment opportunities in order to broaden our income sources.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had current assets of approximately RMB210,081,000 (31 December 2017: RMB334,558,000) and the current liabilities of approximately RMB13,571,000 (31 December 2017: RMB33,989,000). The Group's current ratio, calculated based on current assets over the current liabilities, was at a healthy level of approximately 15.5 times as at 30 June 2018 (31 December 2017: 9.8 times).

In January 2018, the Company has 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. As at 30 June 2018, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 9.5% (31 December 2017: 9.1%).

As at 30 June 2018, the Group had no obligations under finance leases (31 December 2017: long-term obligations under finance lease of RMB2,123,000 and short-term obligations under finance leases of RMB1,314,000).

With the amount of liquid assets on hand, the management at the date of this announcement is of the view the Group has sufficient financial resources to meet its ongoing operational requirements.

CHARGES ON GROUP'S ASSETS

As at 30 June 2018, none of the assets of the Group has been pledged to secure any loan granted to the Group.

CAPITAL COMMITMENT

As at 30 June 2018, the Group did not have any material capital commitment (31 December 2017: Nil).

USE OF PROCEEDS

		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 or investments	40,760,000	31,068,000	9,692,000	Used as intended and the remaining balance unchanged with the original plan
		<u>240,760,000</u>	<u>231,068,000</u>	<u>9,692,000</u>	

SIGNIFICANT INVESTMENTS

The Group had no significant investment during the Period.

EMPLOYEE INFORMATION

As at 30 June 2018, the Group has about 31 employees (30 June 2017: 22) working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liabilities.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2018, 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 2018, 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 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 period under review, no share options had been exercised, cancelled nor lapsed.

As at 30 June 2018, certain consultants, advisers and other 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 each 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 Period 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 30 June 2018, save as disclosed above, 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 announcement, 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.

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 Chairman of the Audit Committee. The Audit Committee meets at least quarterly. The Group’s unaudited interim results for the Period 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 has complied with the standards set out in the Model Code during the Period under review.

COMPLIANCE WITH PROVISIONS OF CORPORATE GOVERNANCE CODE

Save as disclosed in the 2017 annual report of the Company, 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
Chairlady

10 August 2018

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

Executive Directors:

Ms. TSUI Annie

Ms. WANG Ziyi

Independent non-executive Directors:

Mr. CHAN Kwan Yiu

Ms. MA Sijing

Ms. HO Yuen Ki