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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 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Hao Wen Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2019. This announcement, containing the full text of the 2019 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of interim results.

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

12 August 2019

As at the date hereof, 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, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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



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INTERIM REPORT
2019

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

HIGHLIGHTS

- Unaudited turnover of the Group for the six months ended 30 June 2019 amounted to approximately RMB34,224,000 representing a decrease of approximately 5.7% over the corresponding period in 2018.
- Profit attributable to owners of the Company for the six months ended 30 June 2019 was approximately RMB3,461,000.
- Earnings per share for the six months ended 30 June 2019 was approximately RMB0.16 cents.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019.

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 2019, together with the comparative unaudited figures for the corresponding periods in last financial year as follows:

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

	Notes	Six months ended 30 June		Three months ended 30 June	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Turnover	3	34,224	36,298	18,731	17,548
Cost of sales		(15,371)	(15,314)	(8,453)	(7,562)
Gross profit		18,853	20,984	10,278	9,986
Other gains and losses	5	(423)	(589)	(1,001)	(531)
General and administrative expenses		(12,069)	(12,737)	(6,257)	(6,478)
Profit from operations		6,361	7,658	3,020	2,977
Share of results of associates		242	290	122	147
Finance costs	6(a)	(1,760)	(1,413)	(821)	(696)
Profit before taxation	6	4,843	6,535	2,321	2,428
Income tax expenses	7	(1,521)	(1,251)	(993)	(336)
Profit for the period		3,322	5,284	1,328	2,092
Profit for the period attributable to:					
Owners of the Company		3,461	5,393	1,432	2,131
Non-controlling interests		(139)	(109)	(104)	(39)
Earnings per share					
– Basic and diluted (RMB cents)	9	0.16	0.25	0.07	0.10

	Six months ended 30 June		Three months ended 30 June	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit for the period	3,322	5,284	1,328	2,092
Other comprehensive income, net of income tax				
Exchange differences on translating foreign operations	333	5,137	11,373	20,337
Total comprehensive income for the period	3,655	10,421	12,701	22,429
Total comprehensive income attributable to:				
Owners of the Company	3,794	10,530	12,805	22,468
Non-controlling interests	(139)	(109)	(104)	(39)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Audited) As at 31 December 2018 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipments		9,281	5,003
Goodwill		12,292	12,292
Financial assets at fair value through other comprehensive income		7,517	7,505
Interest in associates		18,861	18,570
Loan receivables	10	50,979	54,880
Deferred tax assets		811	1,011
		99,741	99,261
Current assets			
Trade, loan and other receivables, prepayments and deposits	10	284,726	285,531
Financial assets at fair value through profit or loss		3,456	3,886
Cash and bank balances		25,955	41,008
		314,137	330,425
Current liabilities			
Trade and other payables	11	11,386	17,019
Tax payables		2,472	1,245
		13,858	18,264
Net current assets		300,279	312,161
Total assets less current liabilities		400,020	411,422
Non-current liabilities			
Borrowings		–	13,628
Bonds payable		27,808	29,237
		27,808	42,865
Net assets		372,212	368,557
Capital and reserves attributable to owners of the Company			
Share capital		36,184	36,184
Reserves		349,272	345,478
Equity attributable to owners of the Company		385,456	381,662
Non-controlling interests		(13,244)	(13,105)
Total equity		372,212	368,557

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Capital reduction reserve	Share-based compensation reserve	Financial assets at fair value through other comprehensive income reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	36,184	357,643	495,170	7,315	-	(888)	(520,619)	374,805	(12,913)	361,892
Profit for the period	-	-	-	-	-	-	5,393	5,393	(109)	5,284
Exchange differences on translating foreign operations	-	-	-	-	-	5,137	-	5,137	-	5,137
Total comprehensive income/ (loss) for the six months ended 30 June 2018	-	-	-	-	-	5,137	5,393	10,530	(109)	10,421
At 30 June 2018	36,184	357,643	495,170	7,315	-	4,249	(515,226)	385,335	(13,022)	372,313
At 1 January 2019	36,184	357,643	495,170	7,315	(9,677)	20,259	(525,232)	381,662	(13,105)	368,557
Profit for the period	-	-	-	-	-	-	3,461	3,461	(139)	3,322
Exchange differences on translating foreign operations	-	-	-	-	-	333	-	333	-	333
Total comprehensive income/ (loss) for the six months ended 30 June 2019	-	-	-	-	-	333	3,461	3,794	(139)	3,655
At 30 June 2019	36,184	357,643	495,170	7,315	(9,677)	20,592	(521,771)	385,456	(13,244)	372,212

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Net cash generated from/(used in) operating activities	3,244	(30,099)
Net cash (used in)/generated from investing activities	(5,271)	2,612
Net cash (used in)/generated from financing activities	(13,297)	20,453
Net decrease in cash and cash equivalents	(15,324)	(7,034)
Cash and cash equivalents, at 1 January	41,008	14,266
Effect of foreign exchange rate changes	271	4,013
Cash and cash equivalents, at 30 June	25,955	11,245
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	25,955	11,245

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, 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

These unaudited consolidated financial information should be read in conjunction with Company’s 2018 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 2019. The adoption of the new IFRSs has no material impact on the Group’s results and financial position for current or prior periods except for the adoption of International Financial Reporting Standards 16 Leases (“IFRS 16 Leases”) which took effect on 1 January 2019.

The Group has not applied any new standard or interpretation that is not yet effective for the current period, that have no material impact on the Group.

(b) Basis of measurement

These unaudited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currencies of the Company and its major subsidiaries are Hong Kong dollars and Renminbi (“RMB”). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency. All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of interim financial statements in conformity with 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 2018 Annual Report.

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.

(e) Impact on adoption of IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 “Leases” and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach, under this approach, comparative information is not restated.

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	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest income earned from				
the money lending business	14,891	16,665	8,045	7,854
Processing and trading of electronic parts	19,333	19,633	10,686	9,694
Total	34,224	36,298	18,731	17,548

4. SEGMENT REPORTING

Segment revenues and results

	(Unaudited)					
	For the six months ended 30 June					
	Money lending		Electronic parts		Consolidated	
2019	2018	2019	2018	2019	2018	
<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	14,891	16,665	19,333	19,633	34,224	36,298
Result						
Segment results	5,273	9,892	3,953	4,317	9,226	14,209
Unallocated corporate expenses					(2,441)	(5,396)
Fair value loss on financial assets at fair value through profit or loss					(424)	(1,155)
Profit from operations					6,361	7,658
Share of results of associates					242	290
Finance costs					(1,760)	(1,413)
Profit before taxation					4,843	6,535
Income tax expenses					(1,521)	(1,251)
Profit for the period					3,322	5,284

	(Unaudited)					
	For the three months ended 30 June					
	Money lending		Electronic parts		Consolidated	
	2019	2018	2019	2018	2019	2018
	<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	8,045	7,854	10,686	9,694	18,731	17,548
Result						
Segment results	2,712	4,348	2,225	2,131	4,937	6,479
Unallocated corporate expenses					(915)	(2,690)
Fair value loss on financial assets at fair value through profit or loss					(1,002)	(812)
Profit from operations					3,020	2,977
Share of results of associates					122	147
Finance costs					(821)	(696)
Profit before taxation					2,321	2,428
Income tax expenses					(993)	(336)
Profit for the period					1,328	2,092

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2018: Nil).

	Money lending		Electronic parts		Consolidated	
	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000	(Unaudited) As at 30 June 2019 RMB'000	(Audited) As at 31 December 2018 RMB'000
Assets						
Segment assets	317,972	329,722	51,054	49,734	369,026	379,456
Unallocated corporate assets					44,852	50,230
					413,878	429,686
Liabilities						
Segment liabilities	3,066	18,199	3,279	5,635	6,345	23,834
Unallocated corporate liabilities					35,321	37,295
					41,666	61,129

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

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

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

5. OTHER GAINS AND LOSSES

	(Unaudited)		(Unaudited)	
	For the six months ended 30 June 2019 RMB'000	2018 RMB'000	For the three months ended 30 June 2019 RMB'000	2018 RMB'000
Fair value loss on financial assets at fair value through profit or loss	(424)	(1,155)	(1,002)	(812)
Sundry income	1	566	1	281
	(423)	(589)	(1,001)	(531)

6. PROFIT BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging:

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
(a) Finance costs				
Interest on unsecured bonds	1,424	1,343	719	692
Interest on borrowings	336	–	102	–
Interest on obligations under finance leases	–	70	–	4
Total finance costs	1,760	1,413	821	696
(b) Staff costs				
(including directors' remuneration)				
Contributions to defined contribution plans	63	51	17	18
Salaries, wages and other benefits	1,888	1,723	892	797
Total staff costs	1,951	1,774	909	815
(c) Other items				
Depreciation	906	575	609	305
Auditors' remuneration	331	387	128	196
Cost of inventories sold	15,371	15,314	8,453	7,562

7. INCOME TAX EXPENSES

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

	(Unaudited)		(Unaudited)	
	For the six months ended		For the three months ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax				
Hong Kong	1,324	1,251	796	336
Deferred taxation				
– Debited to the consolidated statement of profit or loss and other comprehensive income	197	–	197	–
	1,521	1,251	993	336

(i) Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. For the period ended 30 June 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the period ended 30 June 2018, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

(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 2019 (2018: 25%).

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 June 2019 was based on the profit for the period attributable to owners of the Company of approximately RMB1,432,000 (2018: RMB2,131,000) and on the weighted average number of ordinary shares of approximately 2,146,520,588 shares (2018: 2,146,520,588 shares).

The calculation of basic earnings per share for the six months ended 30 June 2019 was based on the profit for the period attributable to owners of the Company of approximately RMB3,461,000 (2018: RMB5,393,000) and on the weighted average number of ordinary shares of approximately 2,146,520,588 shares (2018: 2,146,520,588 shares).

Diluted earnings per share for the three months ended 30 June 2019 (three months ended 30 June 2018) and six months ended 30 June 2019 (six months ended 30 June 2018) were the same as the basic earnings per share. The Company's outstanding share options was not included in the calculation of diluted earnings 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)	(Audited)
	As at	As at
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
Trade debtors	14,048	19,180
Loan receivables (note)	308,566	308,258
Other receivables	3,895	3,160
Rental and other deposits	9,136	9,117
Prepayments	60	696
	335,705	340,411
Less: Non-current portion		
– Loan receivables (note)	(50,979)	(54,880)
	284,726	285,531

Note:

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. Secured loan receivables are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group's customers.

Ageing analysis of trade debtors and loan receivables

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

	(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Audited) As at 31 December 2018 <i>RMB'000</i>
Less than 90 days	85,806	94,930
91 to 180 days	71,011	58,187
Over 180 days	174,517	184,253
	331,334	337,370
Less: allowance for expected credit losses	(8,720)	(9,932)
	322,614	327,438

Customers are generally granted with credit term of 60 to 90 days.

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

11. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Audited) As at 31 December 2018 <i>RMB'000</i>
Trade creditors	3,954	6,300
Accrued expenses and other payables	7,432	10,719
	11,386	17,019

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

	(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Audited) As at 31 December 2018 <i>RMB'000</i>
0 to 30 days	-	-
Over 30 days	3,954	6,300
	3,954	6,300

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2019 (the “Period”), the Group recorded an unaudited consolidated turnover of approximately RMB34,224,000 (2018: RMB36,298,000), which represented a decrease of approximately 5.7% as compared with that of the corresponding period in 2018.

The decrease of turnover was mainly attributed to the drop in revenue from the money lending business and the processing and trading of electronic parts. Interest income earned from the money lending business decreased by approximately RMB1,774,000 or 10.6% as compared with the corresponding period in 2018. Meanwhile the revenue from processing and trading of electronic parts slightly decreased by approximately RMB300,000 or 1.5% as compared with corresponding period in 2018.

The other gains and losses were mainly attributed to net unrealised loss of approximately RMB424,000 (2018: RMB1,155,000) recorded from the listed securities portfolio held by the Group as at 30 June 2019.

The general and administrative expenses for the Period decreased by approximately RMB668,000 or 5.2% as compared with the corresponding period in 2018. The decrease was mainly attributed to less corporate exercise incurred during the Period compared with the corresponding period in 2018.

Finance costs for the Period increased by approximately RMB347,000 or 24.6% as compared with the corresponding period in 2018. The finance costs for the Period represented the interest expenses on the unsecured bonds and borrowings issued during the corresponding period in 2018.

Profit attributable to owners of the Company for the Period amounted to RMB3,461,000 (2018: RMB5,393,000), which represented approximately RMB1,932,000 or 35.8% decrease as compared with the corresponding period in 2018.

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 decrease demand in the loan market in Hong Kong, the Group recorded a decline of 10.6% in revenue from money lending business as compared with the corresponding period in 2018. Interest income earned from the money lending business was approximately RMB14,891,000 during the Period, which represented approximately 43.5% of the total revenue. 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. The Group has devoted more resources to expand the processing center to maintain the sales volume. Revenue earned from the processing and trading of electronic parts business was approximately RMB19,333,000 during the period, which represented 56.5% of the total revenue.

Looking forward, the Group considers that it is vital and necessary for the Group to dedicate more efforts on the processing and trading of electronics parts business with the view to achieving product upgrade and takes various cost-savings and quality improvement measures for the business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had current assets of approximately RMB314,137,000 (31 December 2018: RMB330,425,000) and the current liabilities of approximately RMB13,858,000 (31 December 2018: RMB18,264,000). The Group's current ratio, calculated based on current assets over the current liabilities, was at a healthy level of approximately 22.7 times as at 30 June 2019 (31 December 2018: 18.1 times).

In January 2018, the Company has issued an unsecured bonds to an independent third party 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 2019, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 10.1% (31 December 2018: 14.2%).

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

CHARGES ON GROUP'S ASSETS

As at 30 June 2019, none of the assets of the Group has been pledged to secure any loan granted to the Group.

CAPITAL COMMITMENT

As at 30 June 2019, the Group did not have any material capital commitment (31 December 2018: Nil).

USE OF PROCEEDS

	Nature	Original intended use of proceeds stated in announcement dated 2 December 2015 HK\$	Actual use of proceeds as at the date of this report 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
		240,760,000	231,068,000	9,692,000	

The Group utilised the proceeds from the rights issue of approximately HK\$200,000,000 to meet the demand from several customers in the money lending business. The proceeds of approximately HK\$31,068,000 used for acquisition of Reach Solution Technology Limited and financial assets at fair value through profit or loss.

The Group intends to apply the remaining proceeds in the manner as stated in the announcements dated 2 December 2015. However, the Directors will constantly evaluate the Group's objective and may change or modify its plans in face of the changing market condition to attain sustainable business growth of the Group.

SIGNIFICANT INVESTMENTS

The Group had no significant investment during the Period.

MATERIAL ACQUISITION AND DISPOSAL

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

EMPLOYEE INFORMATION

As at 30 June 2019, the Group has about 55 employees (30 June 2018: 31) working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

GEARING RATIO

As at 30 June 2019, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 10.1% (31 December 2018: 14.2%).

BONDS

On 12 January 2018, the Company has issued an unsecured bonds to an independent third party 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.

CONTINGENT LIABILITIES

As at 30 June 2019, 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 2019, 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 2019, 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, no share options were granted, exercised, cancelled nor lapsed. As at 30 June 2019, there were outstanding 160,850 options.

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

As at 30 June 2019, save for the Share Option Scheme, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

COMPETING INTEREST

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

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

Since 28 March 2019 (the date of publication of the Annual Report), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 17.50B of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include the review and supervision of the financial reporting process and the internal control and risk management systems of the Group on ongoing basis. During the Period, the Audit committee comprised of three members and all of whom are independent non-executive Directors. Mr. CHAN Kwan Yiu who possess appropriate professional qualifications, accounting and related financial management expertise, is the Chairperson of the Audit Committee. The Audit Committee meets at least quarterly. The Group's unaudited interim results for the Period have 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 below, none of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the Period, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

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

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period.

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

12 August 2019

As at the date of this report, 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