



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 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.**

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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

- Revenue of the Group for the year ended 31 December 2019 was approximately RMB63,065,000 representing a decrease of approximately 15.5% as compared to the previous year.
- Loss for the year ended 31 December 2019 attributable to owners of the Company was approximately RMB25,050,000 representing an increase of approximately 161.9% as compared to the previous year.
- Loss per share was approximately RMB1.17 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 2019, together with the comparative audited figures for the year ended 31 December 2018, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
<b>Revenue</b>	3	<b>63,065</b>	74,676
Cost of sales		<u>(26,897)</u>	<u>(33,572)</u>
<b>Gross profit</b>		<b>36,168</b>	41,104
Other gains	5	–	589
Loss on fair value of financial assets at fair value through profit or loss		(879)	(2,488)
General and administrative expenses		(28,459)	(34,328)
Impairment loss on goodwill		(5,112)	–
Allowance for expected credit losses		(12,859)	(2,474)
Impairment loss on interest in associates		<u>(10,774)</u>	<u>(10,645)</u>
<b>Loss from operations</b>		<b>(21,915)</b>	(8,242)
Share of results of associates		594	1,038
Finance costs		<u>(3,940)</u>	<u>(2,928)</u>
<b>Loss before taxation</b>	6	<b>(25,261)</b>	(10,132)
Taxation	7	<u>(52)</u>	<u>377</u>
<b>Loss for the year</b>		<b>(25,313)</b>	(9,755)
<b>Other comprehensive income/(loss), net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		7,223	20,992
Share of changes in other comprehensive income in associates		70	155
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of a financial asset at fair value through other comprehensive income		<u>(1,788)</u>	<u>(1,100)</u>
		<u>5,505</u>	<u>20,047</u>
<b>Total comprehensive (loss)/income for the year</b>		<b><u>(19,808)</u></b>	<b><u>10,292</u></b>

	<i>Notes</i>	<b>2019</b> <b><i>RMB'000</i></b>	2018 <i>RMB'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(25,050)</b>	(9,563)
Non-controlling interests		<b>(263)</b>	(192)
		<u><b>(25,313)</b></u>	<u>(9,755)</u>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		<b>(19,545)</b>	10,484
Non-controlling interests		<b>(263)</b>	(192)
		<u><b>(19,808)</b></u>	<u>10,292</u>
<b>Loss per share</b>	<i>9</i>		
Basic and diluted ( <i>RMB cents</i> )		<u><b>(1.17)</b></u>	<u>(0.45)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
<b>Non-current assets</b>			
Plant and equipments		<b>3,780</b>	5,003
Goodwill		<b>7,349</b>	12,292
Right-of-use assets		<b>104</b>	–
Financial assets at fair value through other comprehensive income		<b>6,008</b>	7,505
Interest in associates		<b>8,674</b>	18,570
Loan receivables		<b>91,398</b>	54,880
Deferred tax assets		<b>105</b>	1,011
		<b>117,418</b>	99,261
<b>Current assets</b>			
Trade, loan and other receivables, prepayments and deposits	<i>10</i>	<b>284,324</b>	285,531
Financial assets at fair value through profit or loss		<b>3,073</b>	3,886
Cash and bank balances		<b>1,774</b>	41,008
		<b>289,171</b>	330,425
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>13,559</b>	17,019
Lease liabilities		<b>78</b>	–
Tax payables		<b>177</b>	1,245
		<b>13,814</b>	18,264
<b>Net current assets</b>		<b>275,357</b>	312,161
<b>Total assets less current liabilities</b>		<b>392,775</b>	411,422
<b>Non-current liabilities</b>			
Borrowings		–	13,628
Bonds payables		<b>43,999</b>	29,237
Lease liabilities		<b>27</b>	–
		<b>44,026</b>	42,865
<b>Net assets</b>		<b>348,749</b>	368,557

	<b>2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	<b>36,184</b>	36,184
Reserves	<b>325,933</b>	345,478
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>362,117</b>	381,662
Non-controlling interests	<b>(13,368)</b>	(13,105)
	<hr/>	<hr/>
<b>Total equity</b>	<b>348,749</b>	368,557
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Hao Wen Holdings Limited (the “Company”) was a public limited company 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 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 2019 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily engaged in the money lending and processing and trading of electronic parts.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations promulgated by the IASB. These 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 GEM of the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(e) provides information on any changes in accounting policies resulting from initial application relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**(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 operating subsidiary in the People's Republic of China (the "PRC") are Hong Kong dollars and Renminbi ("RMB") respectively. 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.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and report amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in the application of IFRSs have significant effect on the consolidated financial statements and major sources of estimation uncertainty.

**(e) Application of new and amendments to International Financial Report Standards ("IFRSs")**

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except for the new and amendments to IFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and interpretations will have 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 consolidated financial statements in the foreseeable future.



## ***IFRS 16 Leases***

### *Transition and summary of effects arising from initial application of IFRS 16*

On 1 January 2019, the Group has applied IFRS 16. IFRS 16 superseded IAS 17 and the related interpretations. The Group applied the IFRS 16 in accordance with the transition provisions of IFRS 16.

### *Definition of a lease*

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

### *As a lessor*

During the year ended 31 December 2019, application of IFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

### *As a lessee*

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong was determined on a portfolio basis;
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;
- iv. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- v. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

On transition, the Group has made the following adjustments upon application of IFRS16:

	<b>At 1 January 2019 RMB'000</b>
Operating lease commitments disclosed as at 31 December 2018	372
<i>Less: practical expedient-leases with lease term ending within 12 months from date of initial application</i>	<u>(372)</u>
Lease liabilities as at 1 January 2019	<u><u>–</u></u>

On 1 January 2019, there is no impact of transition to IFRS 16 on the assets, liabilities and accumulated losses at the date of initial application.

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

Issued but not yet effective International Financial Reporting Standard

IFRS 17	Insurance Contracts <sup>2</sup>
Amendments to IFRS 3	Definition of a Business <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IAS 1 and IAS 8	Definition of Material <sup>4</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform <sup>4</sup>

<sup>1</sup> *Effective for annual periods beginning on or after a date to be determined*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2021*

<sup>3</sup> *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2021*

In addition to the above new and amendments to IFRSs, a revised “Conceptual Framework for Financial Reporting” was issued in 2018. Its consequential amendments, the “Amendments to References to the Conceptual Framework” in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020. The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 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.

Disaggregation of revenue from contracts with customers

	<b>2019</b> <b>RMB'000</b>	2018 <i>RMB'000</i>
Revenue from contracts with customers:		
Revenue is analysis by type of goods and services		
Sales of electronic parts	<b>31,278</b>	41,219
Revenue from other sources		
Interest income from loan financing	<b>31,787</b>	33,457
	<hr/>	<hr/>
Total revenue	<b>63,065</b>	74,676
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:		
A point in time	<b>31,278</b>	41,219
Over time	<b>31,787</b>	33,457
	<hr/>	<hr/>
	<b>63,065</b>	74,676
	<hr/> <hr/>	<hr/> <hr/>
Geographical market:		
The PRC	<b>26,419</b>	41,219
Hong Kong	<b>35,374</b>	32,480
Other	<b>1,272</b>	977
	<hr/>	<hr/>
	<b>63,065</b>	74,676
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All of the Group's revenue from contracts with customers is based on where goods are sold. All revenue contracts are for period of one year or less, as permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### 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; and
- (ii) Processing and trading of electronic parts.

##### Segment revenues and results

	Money lending		Electronic parts		Unallocated		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>								
External sales	<u>31,787</u>	<u>33,457</u>	<u>31,278</u>	<u>41,219</u>	<u>-</u>	<u>-</u>	<u>63,065</u>	<u>74,676</u>
<b>Result</b>								
Segment result	<u>11,066</u>	<u>9,061</u>	<u>6,037</u>	<u>9,448</u>	<u>-</u>	<u>-</u>	<u>17,103</u>	<u>18,509</u>
Unallocated corporate expenses							(9,394)	(11,733)
Other gains							-	589
Loss on fair value of financial assets at fair value through profit or loss							(879)	(2,488)
Impairment loss on goodwill	-	-	(5,112)	-	-	-	(5,112)	-
Allowance for expected credit losses	(12,538)	(1,876)	(353)	(257)	32	(341)	(12,859)	(2,474)
Impairment loss on interest in associates							<u>(10,774)</u>	<u>(10,645)</u>
Loss from operations							<u>(21,915)</u>	<u>(8,242)</u>
Share of results of associates							<u>594</u>	<u>1,038</u>
Finance costs							<u>(3,940)</u>	<u>(2,928)</u>
Loss before taxation							<u>(25,261)</u>	<u>(10,132)</u>
Taxation							<u>(52)</u>	<u>377</u>
Loss for the year							<u>(25,313)</u>	<u>(9,755)</u>

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. 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 interest in associates and impairment loss on goodwill, finance costs and taxation. 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		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>
<b>Assets</b>						
Segment assets	<b>318,387</b>	343,331	<b>34,384</b>	36,125	<b>352,771</b>	379,456
Unallocated corporate assets					<b>53,818</b>	50,230
					<b>406,589</b>	429,686
<b>Liabilities</b>						
Segment liabilities	<b>4,254</b>	18,199	<b>2,135</b>	5,635	<b>6,389</b>	23,834
Unallocated corporate liabilities					<b>51,451</b>	37,295
					<b>57,840</b>	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.

## Other segment information

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

	Money lending		Electronic parts		Unallocated		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure	-	4	-	4,230	-	-	-	4,234
Depreciation and amortisation	11	187	881	212	407	696	1,299	1,095
Impairment loss on interest in associates	-	-	-	-	10,774	10,645	10,774	10,645
Allowance for expected credit losses	12,538	1,876	353	257	(32)	341	12,859	2,474
Loss on fair value of financial assets at fair value through profit or loss	-	-	-	-	879	2,488	879	2,488
Loss on disposal of plant and equipments	-	(300)	-	-	-	(289)	-	(589)
Impairment loss on goodwill	-	-	5,112	-	-	-	5,112	-

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 2019	Year ended 31 December 2018	As at 31 December 2019	As at 31 December 2018
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	26,419	41,219	1,326	1,503
Hong Kong	35,374	32,480	110,084	90,253
Others	1,272	977	-	-
	<b>63,065</b>	<b>74,676</b>	<b>111,410</b>	<b>91,756</b>

\* Non-current assets excluding financial assets at fair value through other comprehensive income.

No customer contribute 10% or more of the total revenue for the years ended 31 December 2018 and 2019.

## 5. OTHER GAINS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Gain on disposal of plant and equipment	–	589

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

### (a) Finance costs

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest expense on lease liabilities	4	117
Interest on borrowings	342	19
Interest on bonds payable	3,594	2,792
	<u>3,940</u>	<u>2,928</u>

### (b) Staff costs (including directors' emoluments)

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Contributions to defined contribution plans	78	102
Salaries, wages and other benefits	6,188	5,381
	<u>6,266</u>	<u>5,483</u>

### (c) Other items

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Depreciation	1,299	1,095
Depreciation on right-of-use assets	51	–
Payments to short-term leases	372	–
Operating lease charges in respect of property rentals:		
Minimum lease payments	–	1,324
Auditors' remuneration	950	950
Cost of inventories sold	26,897	33,572
Allowance for expected credit losses	12,859	2,474
Impairment loss on interest in associates	10,774	10,645
Unrealised loss on fair value of financial assets		
at fair value through profit or loss	879	2,488
Loss on written off of property, plant and equipment	39	–

## 7. TAXATION

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Current tax</b>		
Hong Kong	111	688
PRC Enterprise Income Tax	–	–
Over-provision in prior year – Hong Kong	(968)	(713)
	<u>(857)</u>	<u>(25)</u>
<b>Deferred taxation</b>		
– Debited/(credited) to the consolidated statement of profit or loss and other comprehensive income	909	(352)
	<u>52</u>	<u>(377)</u>

### (i) Hong Kong profits tax

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

### (ii) Income taxes outside Hong Kong

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Company and the Company’s subsidiaries registered in the BVI are not subject to any income tax in the Cayman Islands and BVI, respectively.

The subsidiary of the Group established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25% for the year (2018: 25%).

## 8. DIVIDEND

The board of directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: 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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<b>Loss</b>		
For the purposes of basic loss per share		
Loss for the year attributable to the owners of the Company	<u>(25,050)</u>	<u>(9,563)</u>
	2019 <i>'000</i>	2018 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,146,520</u>	<u>2,146,520</u>

### (b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2019 and 2018 were same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options was anti-dilutive.

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade debtors	22,642	19,180
Loan receivables	321,851	308,258
Other receivables	4,020	3,160
Rental and other deposits	5,025	9,117
Prepayments	<u>22,184</u>	<u>696</u>
	375,722	340,411
<i>Less: Non-current portion</i>		
– Loan receivables	<u>(91,398)</u>	<u>(54,880)</u>
	<u>284,324</u>	<u>285,531</u>

Note:

1. The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. Loan receivables include both secured and unsecured loans to individuals and corporate customers. Secured loan receivables are secured by collaterals provided by customers, bear interest and are repayable with fixed terms agreed with the Group's customers.
2. Movement in allowance for expected credit loss has been recognised for loan and other receivables in accordance with the general approach under IFRS 9 for the year ended 31 December 2019.

(a) **Ageing analysis of trade debtors and loan receivables**

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**

	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>1,608</b>	2,990
31 to 60 days	<b>1,305</b>	5,020
61 to 90 days	<b>882</b>	1,684
Over 90 days	<b>19,485</b>	9,761
	<hr/>	<hr/>
	<b>23,280</b>	19,455
Less: allowance for expected credit losses	<b>(638)</b>	(275)
	<hr/>	<hr/>
	<b>22,642</b>	19,180
	<hr/> <hr/>	<hr/> <hr/>

Customers are generally granted with credit term of 90-120 days during the year ended 2019 (2018: 60-90 days).

(ii) **Loan receivables**

	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
0 to 30 days	–	26,678
31 to 60 days	<b>12,941</b>	23,015
61 to 90 days	<b>20,287</b>	35,543
91 to 180 days	<b>44,977</b>	48,426
181 to 365 days	<b>160,201</b>	129,373
Over 365 days	<b>105,948</b>	54,880
	<hr/>	<hr/>
	<b>344,354</b>	317,915
<i>Less: allowance for expected credit losses</i>	<b>(22,503)</b>	(9,657)
	<hr/>	<hr/>
	<b>321,851</b>	308,258
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
0 to 30 days	<b>184</b>	–
Over 30 days	<b>1,951</b>	6,300
	<hr/>	<hr/>
	<b>2,135</b>	6,300
	<hr/> <hr/>	<hr/> <hr/>

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

**12. COMPARATIVE FINANCIAL INFORMATION**

Certain comparative figures have been restated to confirm with current year's presentation.

**13. EVENTS AFTER THE REPORTING PERIOD**

Since January 2020, the outbreak on Novel Coronavirus (“COVID-19”) has impacted the global business environment. Up to the date of these financial statements, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

During the year ended 31 December 2019 (the “Year”), the Group continued to focus on the money lending business and processing and trading of electronic parts business. The Group engaged in money lending business by providing both secured and unsecured loans to individuals and corporate customers. We provide personal loans, mortgage loans and corporate loans. Interest income earned from the money lending business was approximately RMB31,787,000 during the Year, which represented approximately 50.4% of the total revenue. Meanwhile, the Group engaged in sourcing, processing, and sales of computer-related and smartphone-related electronic parts and components, such as CPU, LED screen panel, hard-disk, and smartphone chipsets and lens. In 2019, the Group has devoted resources on the processing center to maintain the sales volume. Revenue earned from the processing and trading of electronic parts business was approximately RMB31,278,000 during the Year, which represented 49.6% of the total revenue.

### Financial review

During the Year, the Group recorded an audited consolidated revenue of approximately RMB63,065,000 (2018: RMB74,676,000), which represented a decrease of approximately 15.5% as compared with that of 2018. The decrease was primary attributable to the decrease of income from the processing and trading of electronic parts business. For the Year, income from processing and trading of electronic parts business has dropped by approximately RMB9,941,000 or 24.1% to approximately RMB31,278,000 (2018: RMB41,219,000). The decrease was due to the lower demand from customers given the unfavourable economic conditions in the PRC. The demand in the loan market remained stable, the Group recorded a slightly decrease of 5.0% in revenue from money lending business as compared with the corresponding year in 2018. The Group has derived interest income from our loan portfolio of approximately RMB31,787,000 for the Year (2018: RMB33,457,000).

The loss on fair value of financial assets at fair value through profit or loss of approximately RMB879,000 (2018: RMB2,488,000) was recorded from the listed securities portfolio held by the Group for the Year.

The general and administrative expenses has decreased by approximately RMB5,869,000 or 17.1% from approximately RMB34,328,000 to approximately RMB28,459,000. The decrease was mainly attributed to less corporate exercises incurred during the Year.

The finance costs for the year has increased by approximately RMB1,012,000 or 34.6% from approximately RMB2,928,000 to RMB3,940,000. The finance costs for the year represented the interest expenses on the unsecured bonds and borrowings issued for the corresponding year in 2018.

The Group's audited consolidated loss for the year was approximately RMB25,313,000 (2018: RMB9,755,000), which represented an increase of approximately RMB15,558,000 or 159.5% as compared with the corresponding year. The net loss incurred was mainly attributable to the allowance for expected credit losses of approximately RMB12,859,000 (2018: RMB2,474,000) and impairment loss on interest in associates of approximately RMB10,774,000 (2018: RMB10,645,000) for the Year. Due to the large-scale impact of the outbreak of novel coronavirus pneumonia and its anticipated impact on the economy, the expected credit loss rates on the receivables are higher as compared to last year, which lead to the increase in the allowance of expected credit losses recorded during the Year.

As at 31 December 2019, the Group had trade, loan and other receivables, prepayments and deposit of approximately RMB375,222,000 (2018: RMB340,411,000). The balance primarily represented trade receivables of approximately RMB22,642,000, loan receivables of approximately RMB321,851,000 and prepayments of approximately RMB22,184,000 which are mainly for processing and trading electronic parts business and potential investments.

### Liquidity and Financial Resources

	<b>2019</b>	2018
<b>Current ratio</b>	<b>20.9 times</b>	18.1 times
<b>Gearing</b> (Total Liabilities/Total Assets)	<b>14.2%</b>	14.2%

The Group generally finances its operations through internally-generated cash flows, issue unsecured bonds to independent third parties and shareholder's equity.

As at 31 December 2019, the Group had current assets of approximately RMB289,171,000 (2018: RMB330,425,000) and liquid assets comprising cash and short-term securities investments totalling approximately RMB4,847,000 (2018: RMB44,894,000). The Group's current ratio, calculated based on current assets of approximately RMB289,171,000 (2018: RMB330,425,000) over the current liabilities of approximately RMB13,814,000 (2018: RMB18,264,000), was at a healthy level of approximately 20.9 times as at 31 December 2019 (2018: 18.1 times).

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

As at 31 December 2019, the Group had no obligations under finance lease (2018: Nil).

With the amount of liquid assets and short-term securities investments on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

### Material Acquisition and Disposal

The Group had no material acquisition nor disposal of subsidiaries, associates and joint ventures during the Year.

## Bonds

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

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

## Significant Investments

The Group had no significant investments during the Year.

## Capital Structure

### *Authorised share capital*

As at 31 December 2019, 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.

### *Issued share capital*

As at 31 December 2019, the number of shares in issue was 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:

		Original intended use of proceeds stated in announcement dated 2 December 2015 HK\$	Actual use of proceeds up to 31 December 2018 HK\$	Remaining balance as at 31 December 2018 HK\$	Actual use of proceeds from 1 January 2019 to 31 December 2019 HK\$	Remaining balance as at 31 December 2019 HK\$	Progress HK\$
Rights issues	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	9,692,000	–	Used as intended

The Group has been actively looking for business opportunities to expand the processing and trading of electronic parts segments. During the Year, the Group has targeted certain potential businesses and prepaid a total of approximately RMB8.7 million to several independent third parties in order to secure the investment opportunities.

### **Foreign Exchange Exposure**

Most of the Group's assets, liabilities and transactions are denominated in Hong Kong dollars and Renminbi. The Group has not implemented any hedging policy during the Year, but the Director will continue to monitor its foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

### **Charges on Group Assets**

As at 31 December 2019, none of the assets of the Group has been pledged to secure any loan granted to the Group (2018: Nil).

### **Human Resources**

As at 31 December 2019, the Group had about 38 employees (2018: 49 employees) working in Hong Kong and the PRC. The staff costs, including directors' emoluments, were approximately RMB6,266,000 for the Year (2018: RMB5,483,000).

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.

### **Contingent Liabilities**

As at 31 December 2019, the Group had no contingent liabilities (2018: Nil).

### **Capital Commitment**

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

## **BUSINESS OUTLOOK AND PROSPECT**

The economic outlook in Hong Kong in 2020 is expected to face increasing challenges as impacted by the escalation of the Sino-US trade war and local political tensions which may deteriorate consumer and investor sentiment. Surrounded by the recent social unrest and the recent outbreak of novel coronavirus, the operating environment remained tough and competitive. Despite the challenges ahead, the Group is pleased with the positioning of its loan portfolio and will continue to adopt a prudent but sensible risk management policy to maintain a balance risk reward.

Although the uncertain external factors may limit the growth of the Group in the current financial year, 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. The Group is confident that it will be well positioned in facing the upcoming challenges and preserving long-term profitability growth for its shareholders.

The Group would also explore other potential investment opportunities in order to broaden our income sources.

## **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

## **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 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.



## **Share Option Scheme**

The Company adopted the share option scheme (the “Share Option Scheme”) on 15 November 2019 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. The scheme mandate limit of which has been refreshed at the AGM on 19 May 2017. During the Year, no share options had been granted, exercised nor cancelled. During the Year, 160,850 outstanding shares were lapsed.

Details of the Share Option Scheme is as follows:

### **1. Purposes**

The purpose of the Share Option Scheme is to provide incentives and/or rewards to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company.

### **2. Eligible participants**

Under the terms of the Share Option Scheme, the scope of eligible participants comprise the following persons:

1. any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of our subsidiaries or any Invested Entity;
2. any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
3. any supplier of goods or services to any member of the Group or any Invested Entity;
4. any customer of any member of the Group or any Invested Entity;
5. any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
6. any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
7. any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
8. any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

### **3. Maximum number of shares**

The maximum number of shares in respect of which share options may be granted under the Share Option Scheme shall be 214,652,058 Shares, approximately 10% of the Shares in issue as at 19 May 2017. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes, must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

As at the date of this annual report, there was no outstanding share option not yet exercised under the Share Option Scheme.

### **4. Maximum entitlement of each eligible participant**

Maximum entitlement of each eligible participant is 1% of the issued share capital of the Company from time to time within any 12-month period up to the date of the latest grant, any further grant of options to an eligible participant in excess of the Individual Limit (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant must be subject to the Shareholders' approval in general meeting of the Company with such eligible participant and his/her associates abstaining from voting.

### **5. Option period**

The option period is determined by the Board provided that it is not later than 10 years from the date the Board makes an offer of the grant of an option subject to the provision for early termination. There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

### **6. Acceptance of offer**

Options granted must be accepted within 21 days from the date of the offer of grant of the option, upon payment of HK\$1 per grant.

### **7. Exercise price**

The exercise price must be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

### **8. Remaining life of the scheme**

It shall be effective for a period of ten years commencing on 15 November 2019.

The following table disclosed movements in the Company's share options during the Year:

Details of grantees	Date granted	Period during which options are exercisable	No. of options outstanding as at 1 January 2019	Lapsed during the Year	Outstanding as at 31 December 2019	Exercise price per share
Consultants, Advisers, Service Providers, Employees and Others	11 November 2009	11 November 2009 to 10 November 2019	160,850	(160,850)	–	HK\$59.029

Apart from the foregoing, at no time during the Year 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 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.

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

As at 31 December 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 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. 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 audited financial results for the Year 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.

## **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.

## Major Events After the Year

The Group has no major event after the Year.

By Order of the Board  
**HAO WEN HOLDINGS LIMITED**  
**TSUI Annie**  
*Chairperson*

Hong Kong, 23 March 2020

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

*This announcement 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>.*