

First Quarterly Report **2015**



HAO WEN HOLDINGS LIMITED
皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 of Hao Wen Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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

- Turnover of the Group for the three months ended 31 March 2015 was approximately RMB3,691,000, representing an increase of approximately 12.0% as compared with that of the corresponding period in 2014.
- Loss attributable to owners of the Company for the three months ended 31 March 2015 was approximately RMB8,693,000.
- Loss per share was approximately RMB0.2 cents.
- The Directors do not recommend the payment of any interim dividend for the three months ended 31 March 2015.

QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2015 (the “Period”), together with the unaudited comparative figures for the three months ended 31 March 2014, as follows:

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

For the three months ended 31 March 2015

		(Unaudited) For the three months ended 31 March	
	Notes	2015 RMB'000	2014 RMB'000
Turnover	3	3,691	3,297
Cost of sales		(1,064)	(3,321)
Gross profit/(loss)		2,627	(24)
Other gains and losses	5	(6,307)	(2,087)
General and administrative expenses		(4,981)	(6,435)
Loss from operations		(8,661)	(8,546)
Share of results of associates		161	–
Finance costs	6(a)	(33)	(65)
Loss before taxation	6	(8,533)	(8,611)
Income tax expenses	7	(203)	–
Loss for the period		(8,736)	(8,611)
Other comprehensive loss, net of tax			
Exchange differences on translation into presentation currency		(722)	(257)
Total comprehensive loss for the period		(9,458)	(8,868)
Loss for the period attributable to:			
Owners of the Company		(8,693)	(8,505)
Non-controlling interests		(43)	(106)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(9,415)	(8,762)
Non-controlling interests		(43)	(106)
Loss per share			
– Basic and diluted	8	RMB(0.20) cents	RMB(0.40) cents

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. Its shares have been listed on GEM since 20 July 2001. The Group is primarily engaged in trading of biodegradable food containers and disposable industrial packaging for consumer products, trading and manufacturing of biomass fuel and money lending business.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited consolidated financial information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the “IASB”) and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The unaudited consolidated financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

The unaudited consolidated financial information has been prepared under historical cost basis except for intangible assets and certain financial instruments classified as financial assets at fair value through profit or loss, which are measured at fair value.

This unaudited consolidated financial information should be read in conjunction with the Company’s 2014 Annual Report, which has been prepared in accordance with IFRSs.

The Group has not early adopted the new/revised IFRSs which have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these new/revised IFRSs and the Directors so far anticipated that the application of these new/revised IFRSs will have no material impact on the Group’s unaudited consolidated financial information.

(b) 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 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.

(c) 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.

3. TURNOVER

Turnover represents the sales value of goods supplied to customers, which excludes value added tax and is stated after deduction of all goods returns and trade discounts and interest income earned from the money lending business.

	(Unaudited) For the three months ended 31 March	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of biodegradable products	1,066	488
Trading and manufacturing of biomass fuel	100	2,809
Interest income on money lending business	2,525	–
	3,691	3,297

4. SEGMENT REPORTING
Segment revenues and results

	(Unaudited) For the three months ended 31 March							
	Biodegradable products		Biomass fuel products		Money lending		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	<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	1,066	488	100	2,809	2,525	–	3,691	3,297
Result								
Segment results	(1,261)	(4,393)	(181)	(259)	1,147	–	(295)	(4,652)
Unallocated corporate expenses							(1,992)	(1,661)
Unrealised loss on financial assets at fair value through profit or loss							(6,374)	(2,233)
Loss from operations							(8,661)	(8,546)
Share of results of associates							161	–
Finance costs							(33)	(65)
Loss before taxation							(8,533)	(8,611)
Income tax expenses							(203)	–
Loss for the period							(8,736)	(8,611)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended 31 March 2015 (2014: Nil).

Segment results represents the profit/(loss) generated by each segment without allocation of central administration costs including directors' emoluments, share of results of associates, unrealised loss on financial assets at fair value through profit or loss, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. OTHER GAINS AND LOSSES

	(Unaudited) For the three months ended 31 March	
	2015	2014
	RMB'000	RMB'000
Unrealised loss on financial assets at fair value through profit or loss	(6,374)	(2,233)
Sundry income	67	146
Total	(6,307)	(2,087)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	(Unaudited) For the three months ended 31 March	
	2015	2014
	RMB'000	RMB'000
(a) Finance costs		
Interest on convertible notes	-	65
Interest on obligations under finance leases	33	-
Total interest expenses for financial liabilities that are not designated as at fair value through profit or loss	33	65
(b) Staff costs		
Contributions to defined contribution plans	35	10
Salaries, wages and other benefits	949	630
Total staff costs	984	640
(c) Other items		
Amortisation of intangible assets	1,023	3,971
Depreciation of property, plant and equipment	372	280
Auditors' remuneration	188	394
Cost of inventories sold	1,064	3,321

7. INCOME TAX EXPENSES

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

	(Unaudited)	
	For the three months	
	ended 31 March	
	2015	2014
	RMB'000	RMB'000
Current tax		
Hong Kong	203	–
PRC Enterprise Income Tax	–	–
	203	–

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period ended 31 March 2015.

(ii) Income taxes outside Hong Kong

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

The subsidiary of the Group established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25% in respect of the Period (2014: 25%).

8. LOSS PER SHARE

The calculations of basic loss per share for the three months ended 31 March 2015 are based on the loss attributable to owners of the Company of approximately RMB8,693,000 (2014: RMB8,505,000) respectively, and on the weighted average number of 4,259,001,686 (2014: 2,123,290,573) ordinary shares in issue during the Period.

Diluted loss per share for the three months ended 31 March 2015 and 2014 were the same as basic loss per share as the effects of the Company’s share options were anti-dilutive.

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Capital reduction reserve	Warrants reserve	Share-based compensation reserve	Convertible notes equity 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	RMB'000
At 1 January 2014	146,820	84,248	92,489	-	36,239	-	(11,541)	(300,997)	47,258	-	47,258
Issuance of convertible notes	-	-	-	-	-	8,442	-	-	8,442	-	8,442
Recognised upon acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	98,448	98,448
Issue of shares upon conversion of convertible notes	28,690	63,304	-	-	-	(8,442)	-	-	83,552	-	83,552
Total comprehensive loss for the three months ended 31 March 2014	-	-	-	-	-	-	(257)	(6,505)	(8,762)	(106)	(8,868)
At 31 March 2014	175,510	147,552	92,489	-	36,239	-	(11,798)	(309,502)	130,490	98,342	228,832
At 1 January 2015	339,771	146,824	92,489	1,263	36,239	-	(10,586)	(313,622)	292,378	98,060	390,438
Total comprehensive loss for the three months ended 31 March 2015	-	-	-	-	-	-	(722)	(8,693)	(9,415)	(43)	(9,458)
At 31 March 2015	339,771	146,824	92,489	1,263	36,239	-	(11,308)	(322,315)	282,963	98,017	380,980

10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (2014: Nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2015 (the "Period"), the Group recorded an unaudited consolidated turnover of approximately RMB3,691,000 (2014: RMB3,297,000), which represented an increase of approximately 12.0% as compared with that of the corresponding period in 2014.

The increase of turnover was mainly attributed to the increase of consolidated income in the money lending business and the trading in biodegradable products in Hong Kong which offset the decrease in trading and manufacturing of biomass fuel. For the Period under review, interest income earned from money lending business and revenue from sale of biodegradable products had recorded approximately RMB2,525,000 and RMB1,066,000, respectively. For the Period under review, the revenue from trading and manufacturing of biomass fuel had decreased by RMB2,709,000 or 96.4% to approximately RMB100,000 as compared to the corresponding period.

The general and administrative expenses for the Period decreased by approximately RMB1,454,000 or 22.6% as compared with the corresponding period in 2014. The decrease was mainly attributed to lower amortisation of intangible assets recorded during the Period under review as compared to the corresponding period.

The finance costs for the Period decreased by approximately RMB32,000 or 49.2% as compared with the corresponding period in 2014. The amount decreased as the interest-bearing convertible notes were exercised and settled by its holders during the year of 2014 which resulted to interest expenses ceased to incur. The finance costs for the Period under review represented the interest expenses on the obligations under finance leases entered by the Group for the purchase of fixed assets.

The Group's unaudited consolidated loss for the Period was comparable to the corresponding period in 2014.

BUSINESS REVIEW

During the Period under review, the Group continues to engage in sale of biodegradable products and the money lending business in Hong Kong and trading and manufacturing of biomass fuel in the PRC.

The biodegradable containers and disposable industrial packaging products are traded under the brand name "Earth Buddy". The materials used to produce such products are mainly agricultural waste, such as sugar cane dregs (a side-product of sugar refinery), straw, wheat stalk, reed and bamboo. Our biodegradable products are 100% biodegradable to avoid environmental and aesthetic pollution. In this sense, our biodegradable products are truly environmental friendly as they are produced by recycling waste materials into useful products, unlike some of our competitors, who make their disposable containers of papers, which results in major global deforestation, or edible materials, such as corn starch.

The rises in raw material costs and sub-contracting charges as a result of the escalating raw material prices and labour costs have weakened the competitiveness of our biodegradable containers and disposable industrial packaging products. In addition, the strong appreciation of Renminbi and the economic downturn in Europe also have adverse impact on the results of our biodegradable containers and disposable industrial packaging products.

In accordance to the “Pearl River Delta Regional Air Quality Management Plan”, most “city-level” municipalities in the region will complete the ban on the combustion of high-polluting fuel in designated areas. Existing facilities that are required to be modified to lower carbon emission and those fail to adjust will be forced to shut down its operations. The ban will include the burning of traditional fuels such as washed coal, coal briquettes, coke, charcoal, industrial oil and the direct burning of non-processed raw biomass waste/materials such as crop, straw and other agriculture residues.

The above business environment provides a good opportunity to acquire Double Win International Investments Limited to participate in the trading and manufacturing of biomass fuel which allowing the Group to expand its business and offer a wider diversity of products and services.

However, the Group’s expectation on the performance of the business of trading and manufacturing of biomass fuel will be challenging. The business environment is unfavourable to the Group’s expansion, the overall price of the energy market in the global market in the last quarter of 2014 was plummeted which constrained the Group’s development of biomass fuel in PRC. The crude oil price performance from last quarter of 2014 to first quarter of 2015 continued to decrease from US\$97.3 in September 2014 (source: International Monetary Fund: Monthly Commodity Report) to US\$55.8 in March 2015. During the Period, the management of the Group is hard to solicit the contract from power plant to use higher quality wood pellet and biofuel mass under the depressing global commodity market environment. Crude oil is more economical than biomass fuel while not violating Pearl River Delta Region Air Quality Management Plan. Hence, the final testing phrase of production line is strategically rescheduled to cope with the recovery of the commodity price and the Chinese New Year holidays, which resulted to a drop in the business activities of trading and manufacturing of biomass fuel. In the mean time, the management will actively expose its presence and building business contacts with power plant.

The Group has been proactively expanding our money lending business in Hong Kong to our customers especially the property mortgage loans. The decrease in loan portfolio was mainly attributed to the management of the Group regularly measured the credit risk involved and reduced the portfolio to a healthier level even there is persisting high demand for loan products in the market, recording approximately RMB60,257,000 as at 31 March 2015. There were no bad debts recorded under the Period review.

Future Prospects

The Directors intend to focus on the biodegradable products business by penetrating and developing the European market that has a population which, on average, has a higher level of awareness of environmental issues. The Group has intention to develop the worldwide market for its biodegradable products. The weak Euro which made the Group's biodegradable products manufactured in PRC not having price competitiveness on penetrating European market. Hence, the Group is still actively seeking strategic partners in different geographical regions to expand its business through business cooperation in various forms including technology transfer and business joint ventures. The goal of the Group is to build a sustainable and profitable global business while contribute to protect and enhance the global environment. At present, the Group's biodegradable products are manufactured by subcontracting factories. In the event that the Group has adequate financial resources, the Group has intention to acquire or set up its own factory for the manufacturing of the biodegradable products.

In long run, the Directors believed that the ban in Pearl River Delta Region will create abundant market opportunities for the Group's wood pellet and biomass energy solution businesses and the Group will execute the development plan in the alignment with the market trend of the energy to capitalize on the above opportunities.

The Group will continuously dedicated its effort in research and development through updating its technology and products development in order to enlarge the biomass energy solution businesses. Looking forward, the Group will continue to look for appropriate investment opportunities in the clean energy sector with reasonable and potential returns.

The Directors of the view that despite the keen and intense market competition, and in addition to the recent political event of occupy central in Hong Kong, crack down parallel traders and the Hong Kong property market was recently impacted by the tight control on Hong Kong's authorised financial institutions and the Hong Kong Government's stringent policy on the property market, the market demand for property mortgage loan products in Hong Kong remains strong. Being the best alternative to banks' mortgage loan, leveraging on well experience management in carrying property mortgage loan business, diversified products and services and the Group's prudent, lasting and effective approach in implementing loan policy, the Directors believe the Group remain highly competitive in the property mortgage loan market in Hong Kong and we are confident about the future performance of our property mortgage loan portfolio, interest income and profit which will generate promising returns to our shareholders in the foreseeable future.

Furthermore, the Group will review regularly and closely monitor the market trend of the industry and the performance of our biodegradable products and the volatile market trend on global commodity and PRC biomass fuel and the business environment which will affect property mortgage loan market in Hong Kong and this setting the Group business strategy on those business units.

The Directors believed that the above-mentioned measures will improve the market share of the Group's products and thus the returns to shareholders of the Company.

Contingent Liabilities

As at 31 March 2015, the Group had no contingent liabilities (2014: Nil).

Liquidity and Financial Resources

The Group generally finances its operations through internally-generated cash flows. As at 31 March 2015, the balance of cash and cash equivalents amounted to approximately RMB18,572,000 (31 December 2014: RMB29,406,000). With the limited available resources and due to the fair operating results during the Period, the Directors expected that the Group might depend on further financing from its shareholders and bankers to finance its business operations and to achieve its business objectives.

Saved as the finance leases entered by the Group, the Group had no bank and other borrowing as at 31 March 2015 and 31 December 2014.

The Group's gearing ratio as at 31 March 2015 is 12.1% (31 December 2014: 10.0%), which is calculated by dividing total liabilities of RMB52,420,000 over total assets of the Group of RMB433,398,000.

As at 31 March 2015, the net current assets of the Group is RMB61,946,000 (31 December 2014: RMB86,323,000) and the current ratio of the Group was approximately 2.3 times (31 December 2014: 3.1 times).

Charges on Group Assets

Saved as the finance leases entered by the Group, none of the assets of the Group has been pledged to secure any loan granted to the Group.

Foreign Exchange Exposure

Since almost all transactions of the Group are denominated in Hong Kong dollars and most of the bank deposits are being kept Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider that the Group's risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Period.

Capital Structure

The Group mainly finances its operation with internal resources. The Group continued to exert stringent control over treasury policies. The Company intends to finance the Group's future operations, capital expenditure and other capital requirement mainly with the existing bank balance available.

The capital structure of the Group had no material change during the Period.

OTHER INFORMATION**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARE, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

As at 31 March 2015, interests and short positions of the Directors and Chief Executives of the Company 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 Rules 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/ Nature of interest	No. of shares (Note)	Approximate percentage of interest
Mr. Lok Wing Fu	Beneficial owner	2,000,000 (L)	0.05%

Note: The letter "L" denotes a long position in shares.

Save as disclosed above, none of the Directors or chief executives of the Company had any other interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2015.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name	Capacity/ Nature of interest	No. of shares (Note)	Approximate percentage of interest
Avant Capital Management (Hong Kong) Limited	Investment Manager	464,404,000 (L)	10.90%

Note: The Letter "L" denotes a long position in shares of the Company.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 31 March 2015.

OPTIONS TO SUBSCRIBE FOR SHARES IN THE COMPANY

Pursuant to a share option scheme adopted by the Company on 24 September 2009, the Directors may, at their discretion, offer to employees, Directors of the Company or its subsidiaries other eligible participants options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. The options vest immediate from the date of grant and are then exercisable within a period of ten years.

HAO WEN HOLDINGS LIMITED

At 31 March 2015, the Directors, employees, consultants, advisors and other service providers of the company had the following interests in options to subscribe for shares of the company under the share option scheme of the company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 of the company.

Details of grantees	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Chow Yik (Director)	5,000,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$0.319
Leung King Fai*	204,253	11 November 2009	11 November 2009 to 10 November 2019	HK\$4.132
	5,000,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$0.319
Consultants, Advisers, Service Providers, Employees and Others	2,297,875	11 November 2009	11 November 2009 to 10 November 2019	HK\$4.132
	169,800,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$0.319

The options granted to the directors are registered under the names of the directors who are also the beneficial owners.

* Leung King Fai resigned as an executive Director on 16 March 2015

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

As at 31 March 2015, 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

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group in the PRC.

AUDIT COMMITTEE

The Company established an 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 monitoring system of the Group. As at the date of this report, the audit committee has three members comprising Mr. Kwok Pak Yu, Steven, Mr. Ho Kei Wing, Nelson and Ms. Ma Sijing, the three Independent Non-executive Directors. The audit committee meets at least quarterly. The Group's unaudited first quarterly results for the Period have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

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.

By Order of the Board
Hao Wen Holdings Limited
Chow Yik
Chairman

Hong Kong, 14 May 2015

As at the date hereof, the executive directors of the Company are Mr. Chow Yik and Mr. Lok Wing Fu; the independent non-executive directors of the Company are Mr. Kwok Pak Yu, Steven, Mr. Ho Kei Wing, Nelson and Ms. Ma Sijing.