



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”)

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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

- Revenue of the Group for the three months ended 31 March 2016 was approximately RMB3,386,000, representing a decrease of approximately 8.3% as compared with that of the corresponding period in 2015.
- Loss attributable to owners of the Company for the three months ended 31 March 2016 was approximately RMB942,000.
- Loss per share was approximately RMB0.12 cents.
- The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2016.

QUARTERLY RESULTS (UNAUDITED)

The board of directors of the Company (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 2016 (the “Period”), together with the unaudited comparative figures for the three months ended 31 March 2015, as follows:

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

For the three months ended 31 March 2016

		(Unaudited) For the three months ended 31 March	
	Notes	2016 RMB'000	2015 RMB'000
Revenue	3	3,386	3,691
Cost of sales		(1,469)	(1,064)
Gross profit		1,917	2,627
Other gains and (losses)	5	1,998	(6,307)
General and administrative expenses		(5,994)	(4,981)
Loss from operations		(2,079)	(8,661)
Share of results of associates		172	161
Finance costs	6(a)	(39)	(33)
Loss before taxation	6	(1,946)	(8,533)
Income tax expenses	7	(221)	(203)
Loss for the period		(2,167)	(8,736)
Other comprehensive loss, net of tax			
<i>Items that may be classified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(5,655)	(722)
Share of changes in other comprehensive income in associates		(2)	–
Total comprehensive loss for the period		(7,824)	(9,458)
Loss for the period attributable to:			
Owners of the Company		(942)	(8,693)
Non-controlling interests		(1,225)	(43)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(6,599)	(9,415)
Non-controlling interests		(1,225)	(43)
Loss per share			Restated
– Basic and diluted (RMB cents)	8	(0.12)	(3.85)

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 are listed on GEM with effect from 20 July 2001. The Group is primarily engaged in money lending business, trading and manufacturing of biomass fuel and the sale of biodegradable food containers and disposable industrial packaging for consumer products.

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, International Accounting Standards and Interpretations promulgated by the International Accounting Standards Board (the “IASB”). These unaudited consolidated financial information also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The unaudited consolidated financial information has been prepared under historical cost basis except for certain financial instruments, which are measured at fair value as explained in accounting policies stated in the Company’s 2015 Annual Report. Historical cost is generally based on fair value of the consideration given in exchange for assets.

This unaudited consolidated financial information should be read in conjunction with the Company’s 2015 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 of the Company (“Director(s)”) 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 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 unaudited 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. REVENUE

Revenue represents 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 interest income earned from the money lending business.

	(Unaudited)	
	For the three months ended 31 March	
	2016	2015
	RMB'000	RMB'000
Trading and manufacturing of biomass fuel	1,514	100
Interest income on money lending business	1,872	2,525
Sale of biodegradable products	-	1,066
	3,386	3,691

4. SEGMENT REPORTING

Segment revenues and results

	(Unaudited)							
	For the three months ended 31 March							
	Biomass fuel products		Money lending		Biodegradable products		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue								
External sales	1,514	100	1,872	2,525	-	1,066	3,386	3,691
Results								
Segment results	(2,423)	(181)	1,133	1,147	(216)	(1,261)	(1,506)	(295)
Unallocated corporate expenses							(2,571)	(1,992)
Unrealised gain/(loss) on financial assets at fair value through profit or loss							1,998	(6,374)
Loss from operations							(2,079)	(8,661)
Share of results of associates							172	161
Finance costs							(39)	(33)
Loss before taxation							(1,946)	(8,533)
Income tax expenses							(221)	(203)
Loss for the period							(2,167)	(8,736)

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Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended 31 March 2016 (2015: Nil).

Segment results represent the profit/(loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, share of results of associates, unrealised gain/(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	
	2016	2015
	RMB'000	RMB'000
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	1,998	(6,374)
Sundry income	-	67
Total	1,998	(6,307)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	(Unaudited) For the three months ended 31 March	
	2016	2015
	RMB'000	RMB'000
(a) Finance costs		
Interest on obligations under finance leases	39	33
(b) Staff costs (including director's emoluments)		
Contributions to defined contribution plans	46	35
Salaries, wages and other benefits	708	949
Total staff costs	754	984
(c) Other items		
Amortisation of intangible assets	50	1,023
Auditors' remuneration	238	188
Cost of inventories sold	1,469	1,064
Depreciation	2,761	372
Operating lease charges in respect of property rentals: minimum lease payments	481	543

7. INCOME TAX EXPENSES

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

	(Unaudited) For the three months ended 31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Hong Kong	221	203
PRC Enterprise Income Tax	-	-
	221	203

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the three months ended 31 March 2016.

(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 Company 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 (2015: 25%).



8. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the period is based on the following data:

	(Unaudited)	
	For the three months ended 31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Loss		
Loss for the purposes of basic loss per share, loss for the three months period attributable to the owners of the Company	(942)	(8,693)

	(Unaudited)	
	For the three months ended 31 March	
	2016	2015
	<i>'000</i>	<i>'000</i>
		(Restated)

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share	804,370	225,377
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Note:

The weighted average number of ordinary shares for the three months ended 31 March 2015 has been adjusted for the share consolidation and Rights Issue.

(b) Diluted loss per share

Diluted loss per share for the three months ended 31 March 2016 and 2015 were the same as basic loss per share. The Company's outstanding share options and warrants were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share option and warrants were anti-dilutive.

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Warrants reserve	Capital reduction reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses	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 2015	339,771	146,824	1,263	92,489	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	1,263	92,489	36,239	(11,308)	(322,315)	282,963	98,017	380,980
At 1 January 2016	4,067	147,798	1,263	495,170	34,896	2,341	(404,950)	280,585	24,344	304,929
Loss for the period	-	-	-	-	-	-	(942)	(942)	(1,225)	(2,167)
Exchange differences on other comprehensive income in associate	-	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences on translating foreign operations	-	-	-	-	-	(5,655)	-	(5,655)	-	(5,655)
Total comprehensive loss for the three months ended 31 March 2016	-	-	-	-	-	(5,657)	(942)	(6,599)	(1,225)	(7,824)
Issue of shares upon Rights	25,780	180,459	-	-	-	-	-	206,239	-	206,239
Transaction cost in relation to issue of shares upon Rights Issue	-	(3,093)	-	-	-	-	-	(3,093)	-	(3,093)
At 31 March 2016	29,847	325,164	1,263	495,170	34,896	(3,316)	(405,892)	477,132	23,119	500,251

10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (2015: Nil).



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period under review, the Group recorded an unaudited consolidated revenue of approximately RMB3,386,000 (2015: RMB3,691,000), which represented a slightly decrease of approximately 8.3% as compared with that of 2015.

The decrease of unaudited consolidated revenue was primary attributable to the decrease of income from the Group's biodegradable products and money lending business. For the period under review, income from money lending business had decreased by approximately RMB653,000, or approximately 25.9%, to RMB1,872,000, from approximately RMB2,525,000, which mainly due to the size of the loan portfolio was reduced in compare to corresponding period. No sales was made from the sales of biodegradable food containers and disposable industrial packaging for consumer products business during the period under review (2015: RMB1,066,000) due to the tough operating environment. Revenue from Group's biomass fuel business was increased from RMB100,000 of the corresponding period to RMB1,514,000 of the period under review, which mainly due to the business environment of the industry during the period make it easier to close the deal with the customers.

The other gain and loss was turnaround from a loss of approximately RMB6,307,000 in corresponding period to a gain of approximately RMB1,998,000 for the period under review. The turnaround was attributed to net unrealised gain of approximately RMB1,998,000 (2015: net unrealised loss of RMB6,374,000) was recorded from the listed securities portfolio held by the Group as at 31 March 2016.

The general and administrative expenses increased by approximately RMB1,013,000 or 20.3% from RMB4,981,000 to RMB5,994,000. The increase was mainly attributed to an increased depreciation charges was recorded during the period under review for the machinery installed in the 2nd half of 2015 in compared with the corresponding period.

For the performance of Sincere Smart International Limited ("Sincere Smart"), an associate of the Group, net profit attributable to the Group for the period under review was approximately RMB172,000 (2015: RMB161,000), representing to an increase of 6.8% in comparing with the corresponding period.

The finance costs for the period under review was increased by approximately RMB6,000 or a 18.2% to approximately RMB39,000 from approximately RMB33,000 as compared with the corresponding period. The entire finance costs represented the interest expenses on the obligation under finance leases entered into by the Group.

The Group's unaudited consolidated loss for the period under review was approximately RMB2,167,000 (2015: RMB8,736,000).

BUSINESS REVIEW

During the period under review, the Group continues to engage in trading and manufacturing of biomass fuel in the PRC, the money lending business and the sales of biodegradable food containers and disposable industrial packaging for consumer products in Hong Kong.

The crude oil price has slightly increased from US\$ 37.7 (December 2015) to US\$39.1 (March 2016) and the economic environment in PRC is sluggish, the development of biomass fuel business in PRC is more challenging (source: International Monetary Fund: Monthly Commodity Report). During the period, the slight increase of crude oil price does not reverse the weak performance of biomass fuel which mainly attributed to the competitive price of its substitute, hence, the Group is still hard to solicit the contract from power plant to use higher quality wooden pellet. Crude oil is still more economical than biomass fuel while not violating Pearl River Delta Region Air Quality Management Plan which promulgated in 2014.

According to the commodity performance in the first quarter of 2016, the Directors followed the strategies made in 2015, the biomass fuel business was operated under a conservative framework after balancing risks and pursuing the maximising the benefits of the shareholders.

Despite the US federal short-term rate has increased from 0% to 1% in January 2016, which is the first change to the interest rates since the 4th quarter of 2010 when the federal interest rate decreased from 1% to 0%, persistent demand from potential customers on loan products are in the market during the period under review. According to the minutes of the U.S. Federal Reserve 15th to 16th March meeting, several participants argued for “proceeding cautiously” with future rate hikes because of the concerns about the global economic and financial hazards has indirectly indicated that the interest rate is expected to stay low for a longer period than the managements expectation. Hence, policy risk of interest rate change is critical, the Group will monitor and measure the credit risk of the loan portfolio on an on-going basis. On 29 February 2016, the rights issue exercise of the Company was completed and approximately HK\$200,000,000 was available for the further development of money lending business. As at 31 March 2016, a loan receivable with principal amounting to approximately RMB10,721,000 was past due. The management are in negotiation with the borrower on settlement of this outstanding amount. A consensus has reached of our Group with the borrower, a debt settlement will be entered between the parties. The management believes that no impairment allowance is necessary in respect of these balance as the management are of the view that the balances are still fully recoverable based on the borrower’s history and financial condition.

As at 31 March 2016, the loan portfolio held by the Group was approximately RMB148,708,000 and as at the date of this report, the Group’s loan portfolio was increased to approximately RMB190,393,000.

During the period under review, the Group's biodegrade products business continued to focus on the trading of biodegradable containers and disposable industrial packaging products. Demand for the biodegrade products during the period under review is weak due to the delay in demand recovery from the biodegrade products as well as the economy in the European countries remain struggle since the second half of 2015. During the period under review, no sales were made from the biodegradable products business.

As at 31 March 2016, the market value of the Group's investment in listed securities were amounting to RMB46,986,000. The listed securities represents equity securities listed on the Stock Exchange. Subsequent to the reporting period, the Group had acquired shares of a company listed on the Stock Exchange amounting to approximately RMB14.23 million.

Future Prospects

Owing to the recent decline in the local landed property market and the keen and competitive business environment for the loan market in Hong Kong. Despite the proceeds from Rights Issues provide extra funding for the Group to expand the finance business, in view of the recent operating environment, the management have implemented various measures when conducting our loan and finance business and will further re-balancing and adjusting our loan portfolio to alternative finance business in cautious manner.

According to the futures markets continue pointing to a modest increase over the remaining year, though uncertainty about its outlook is at its highest level after the financial crisis. Risks include more subdued aggregate demand, sustained oil production growth and geopolitical risks.

As the uncertainties on the crude oil market remains significantly high, the Directors is leaving little room for operating and expanding the biomass fuel business, the Directors will minimise the capital expenditure and actively cutting the unnecessary costs for a long period of time in order to preserve the future ability of expanding the biomass fuel business until the unfavourable factors in energy market has gone. The Directors is pessimistic for the performance of biomass fuel business in 2016.

The sentiments of the business environment in which the biodegardable products business is operating get worse during the period under review due to the delay of recovery of the European countries, the fierce competition in the market and the rising costs in the production. The management will not actively expand this business and will actively cutting the unnecessary costs of this business and will manage this business in a cautious and prudent manner. However, the management will review its strategy regularly if think fit.

Contingent Liabilities

As at 31 March 2016, the Group had no contingent liabilities (2015: Nil).

Liquidity and Financial Resources

The Group generally financed its operations through internally-generated cash flows, finance lease provided by financial institutions and shareholder's equity of the Company.

As at 31 March 2016, the Group had current assets of approximately RMB366,426,000 (31 December 2015: RMB167,353,000) and liquid assets comprising cash and short term securities investments totalling approximately RMB185,872,000 (31 December 2015: RMB48,653,000). The Group's current ratio, calculated based on current assets of approximately RMB366,426,000 (31 December 2015: RMB167,353,000) over the current liabilities of approximately RMB25,610,000 (31 December 2015: RMB28,525,000), was at a healthy level of approximately 14.3 times as at 31 March 2016 (31 December 2015: 5.9 times).

As at 31 March 2016, the Group had long-term obligation under finance lease of approximately RMB2,199,000 (31 December 2015: RMB2,437,000) and short-term obligation under finance lease of approximately RMB891,000 (31 December 2015: RMB884,000).

The Group had conducted a fund raising exercise during the period under review and a total approximately HK\$241.6 million of net proceeds was raised through rights issue of the Company. As at 31 March 2016, the Group's gearing ratio, being the ratio of total liabilities to total assets, was at a low level of 5.3% (31 December 2015: 9.2%).

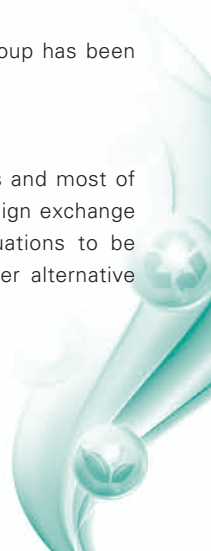
With the amount of liquid assets and short term securities investments on hand, the management at the date of this report is of the view the Group has sufficient financial resources to meet its ongoing operational requirements.

Charges on Group 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 Commitment

As at 31 March 2016, the Group did not have any material capital commitment (31 December 2015: Nil).

MAJOR EVENTS DURING THE PERIOD UNDER REVIEW

Rights issue

On 2 December 2015, the Company proposed to raise approximately not less than HK\$245.32 million and not more than HK\$287.12 million before expenses by rights issue, on the basis of six (6) rights shares of HK\$0.02 each in the share capital of the Company for every one (1) share of the Company (the "Share(s)") held on 29 January 2016 at the subscription price of HK\$0.16 per rights share ("Rights Issue"). The number of rights shares proposed to be issued was not less than 1,533,240,504 new Shares and not more than 1,794,509,862 new Shares ("Rights Shares"). The Company and Grand China Securities Limited ("Underwriter") entered into the underwriting agreement ("Underwriting Agreement"), pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite all the Rights Shares subject to the terms and conditions set out in the Underwriting Agreement. Completion of the Rights Issue took place on 29 February 2016. Details of the Rights Issue were set out in the Company's prospectus dated 1 February 2016, the circular dated 28 December 2015 and the Company's announcements dated 2 December 2015, 21 January 2016 and 26 February 2016.

The entire net proceeds from the Rights Issue was approximately HK\$241.6 million and the Company intended to apply net proceeds from the Rights Issue, as to (i) approximately HK\$200 million for further development of money lending business; and (ii) approximately HK\$41.6 million for any future acquisition or investments.

SIGNIFICANT INVESTMENTS

The Group had no significant investment during the Period.

CAPITAL STRUCTURE

Authorised share capital

As at 31 March 2016, 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 Period.

Issued share capital

Upon the completion of Rights Issue on 29 February 2016, the number of Shares in issue was changed from 255,540,084 Shares of HK\$0.02 each to 1,788,780,588 Shares of HK\$0.02 each.

USE OF PROCEEDS

The Company would like to provide information on the use of proceeds as follows:

	Nature	Original intended use of proceeds stated in announcement dated 30 April 2014 HK\$	Actual use of proceeds as at the date of this report HK\$	Remaining balance HK\$	Progress
Issue of unlisted warrants	Working Capital	1,778,000	1,778,000	–	Used as intended
Exercise in full of the subscription rights attached to unlisted warrants	Working Capital	65,664,000	9,000,000	56,664,000	Used as intended and the remaining balance unchanged with the original plan
		67,442,000	10,778,000	56,664,000	



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		Original intended use of proceeds stated in circular dated 25 June 2014 and change in use of proceeds in announcement dated 20 July 2015 HK\$	Actual use of proceeds as at the date of this report HK\$	Remaining balance HK\$	Progress
Exercise in full of bonus warrants upon the exercise rights attached to convertible bonds	Future working Capital	20,000,000	2,100,000	17,900,000	Used as intended and the remaining balance unchanged with the original plan
	Future investment opportunities	20,000,000	–	20,000,000	The remaining balance unchanged with the original plan
		40,000,000	2,100,000	37,900,000	

Nature		Original	Actual use	Remaining	Progress
		intended use of proceeds stated in announcement dated 2 December 2015	of proceeds as at the date of this report		
		HK\$	HK\$	HK\$	
Rights issue	Development of money lending business	200,000,000	144,000,000	56,000,000	Used as intended and the remaining balance unchanged with the original plan
	Future acquisition on investments	40,760,000	17,068,000	23,692,000	Used as intended and the remaining balance unchanged with the original plan
		240,760,000	161,068,000	79,692,000	

The net proceeds of approximately HK\$79,692,000 raised from the Rights issue has not been utilised as at the date hereof and kept in the bank of the Company.



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 31 March 2016, 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 31 March 2016, 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 (other than the Directors and chief executive of the Company) 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 and scheme mandate limit of which has been refreshed at the annual general meeting of the Company ("AGM") on 18 May 2015, adjusted on 9 November 2015 due to share consolidation and further refreshed at the AGM on 12 May 2016.

As at 31 March 2016, a Director, consultants, advisers and other service providers of the Company had the following interests in options to subscribe for shares of the Company granted for nil consideration under the Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK\$0.02 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)*	350,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$4.557
Consultants, Advisers, Service Providers, Employees and Others	160,850	11 November 2009	11 November 2009 to 10 November 2019	HK\$59.029
	11,886,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$4.557

* The options granted to Chow Yik is registered under his name who is also the beneficial owner. Chow Yik retired as executive Director on 12 May 2016 whose share options were lapsed on the same day.

Apart from the foregoing, at no time during the Period was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company 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 March 2016, save as disclosed above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

COMPETING INTEREST

Up to the date of this 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.

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, 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 reporting and monitoring system 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 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.

By Order of the Board
Hao Wen Holdings Limited
Tsui Annie
Chairman

Hong Kong, 13 May 2016

As at the date hereof, the executive directors of the Company are Ms. Tsui Annie 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.