HAO WEN HOLDINGS LIMITED
皓 文 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

2012

First Quarterly Report

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

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Hao Wen Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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:

(1) the information contained in this report is accurate and complete in all material respects and not misleading;

(2) there are no other matters the omission of which would make any statement in this report misleading; and

(3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the three months ended 31 March 2012 was approximately RMB48,392,000, representing an increase of approximately 114% as compared with that of the corresponding period in 2011.

- Loss attributable to equity shareholders of the Company for the three months ended 31 March 2012 was approximately RMB10,667,000.

- Loss per share was approximately RMB0.58 cents.

- The Directors do not recommend the payment of any interim dividend for the three months ended 31 March 2012.

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 2012 (the "Period"), together with the unaudited comparative figures for the three months ended 31 March 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 March 2012

		(Unaudited) For the three months ended 31 March	
	Notes	2012 RMB'000	2011 RMB'000
Turnover	3	**48,392**	22,658
Cost of sales		**(30,076)**	(7,477)
Gross profit		**18,316**	15,181
Other gains and losses	5	**(533)**	(1,556)
Selling and distribution expenses		**(17,035)**	(11,322)
General and administrative expenses		**(8,340)**	(8,748)
Loss from operations	6	**(7,592)**	(6,445)
Share of results of associates		**–**	(288)
Finance costs	6(a)	**(3,075)**	(1,364)
Loss before taxation	6	**(10,677)**	(8,097)
Income tax expenses	7	**–**	(87)
Loss for the period		**(10,667)**	(8,184)
Other comprehensive gain/(loss), net of tax			
Exchange differences on translation into presentation currency		**569**	(137)
Total comprehensive loss for the period		**(10,098)**	(8,321)
Loss for the period attributable to owners of the Company		**(10,667)**	(8,184)
Total comprehensive loss for the period attributable to owners of the Company		**(10,098)**	(8,321)
Loss per share			
– Basic and diluted	8	**RMB(0.58) cents**	RMB(0.53) 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 manufacture and sales of medicines, trading of biodegradable food containers and disposable industrial packaging for consumer products.

Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that:

– the Group had consolidated loss attributable to owners of the Company of approximately RMB10,667,000 for the period ended 31 March 2012;

– the Group had consolidated net current liabilities of approximately RMB60,343,000 as at 31 December 2011;

– the Group had outstanding banks and other borrowings of approximately RMB55,000,000, which an aggregate of approximately RMB55,000,000 is due for repayment within the next twelve months after 31 December 2011.

1. CORPORATE INFORMATION *(continued)*

The directors adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(1) Financial supports

Beckon Investments Limited, one of the major shareholders of the Company has confirmed to provide continuing financial support to the Group to enable it to continue as a going concern and to settle liabilities as and when they fall due.

(2) Attainment of profitable and positive cash flow operations

The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations. In the opinion of the directors, in light of the various measures/arrangements implemented after the end of reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated results have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board, and are supplemented by the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2011, except for the adoption of new interpretations and amendments to IFRSs and the accounting policies adopted for new transactions, noted below.

The Group has adopted the following new interpretations and amendments to IFRSs which are relevant to its business for the first time for these consolidated quarterly results:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010
IFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets
IAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets
IAS 24 (Revised)	Related party disclosures
IAS 32 (Amendments)	Classification of rights issues
IFRIC – INT 14 (Amendments)	Prepayments of a minimum funding requirements
IFRIC – INT 19	Extinguishing financial liabilities with equity instruments

The adoption of these new interpretations and amendments to IRFSs has had no financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. BASIS OF PREPARATION *(continued)*

(a) Statement of compliance *(continued)*

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Date for First-Time Adopters[3]
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Item of Other Comprehensive Income[1]
IAS 19 (2011)	Employee Benefits[2]
IAS 27 (2011)	Separate Financial Statements[2]
IAS 28 (2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
IFRIC – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to IFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

2. BASIS OF PREPARATION *(continued)*

(a) Statement of compliance *(continued)*

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial instruments, which are measured at fair value.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its major 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.

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.

4. SEGMENT REPORTING

Segment Revenues and Results

	(unaudited) For the three months ended 31 March							
	Pharmaceutical products		Biodegradable products		Skin care products		Consolidated	
	2012 RMB,000	2011 RMB'000	2012 RMB,000	2011 RMB'000	2012 RMB,000	2011 RMB'000	2012 RMB,000	2011 RMB'000
Turnover								
External sales	20,641	22,448	27,667	–	84	210	48,392	22,658
Result								
Segment result	(4,116)	(156)	(426)	–	(96)	(127)	(4,638)	(283)
Unallocated corporate expenses							(2,954)	(6,162)
Loss from operations							(7,592)	(6,445)
Share of results of associates							–	(288)
Finance costs							(3,075)	(1,364)
Loss before taxation							(10,667)	(8,097)
Income tax expenses							–	(87)
Loss for the period							(10,667)	(8,184)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil).

4. SEGMENT REPORTING *(continued)*

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' emoluments, impairment loss on available-for-sale investments, impairment loss on intangible assets, impairment loss recognised in respect of trade receivables, impairment loss on interests in associates, share of results of associates, gain on disposal of subsidiaries, 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	
	2012 RMB'000	2011 RMB'000
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(121)**	353
Loss on disposal of financial assets at fair value through profit or loss	**(749)**	(2,047)
Sample income	**1**	1
Sundry income	**336**	137
	(533)	(1,556)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	(Unaudited) For the three months ended 31 March 2012 RMB'000	2011 RMB'000
(a) Net finance costs/(income)		
Interest on bank and other borrowings wholly repayable within five year	**(2,040)**	(1,371)
Interest on convertible notes	**(730)**	–
Interest on promissory notes	**(305)**	–
Bank interest income	**–**	7
Net financial cost recognised in consolidate statement of comprehensive income	**(3,075)**	(1,364)
(b) Staff costs		
Contributions to defined contribution retirement plans	**13**	21
Salaries, wages and other benefits	**3,663**	5,496
	3,676	5,517
(c) Other items		
Amortisation of intangible assets	**4,350**	299
Depreciation of property, plant and equipment	**516**	374
Advertising and promotion expenses	**1,350**	1,403
Auditors' remuneration	**406**	250
Cost of inventories sold	**30,076**	7,477

7. INCOME TAX EXPENSES

Income tax expenses in the consolidated statement of comprehensive income represents:

	(Unaudited) For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax for the period	**–**	87

(i) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the Period (2011: nil).

(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 (2011: 25%).

8. LOSS PER SHARE

The calculations of basic loss per share for the three months ended 31 March 2012 are based on the loss attributable to shareholders of approximately RMB10,667,000 (2011: RMB8,184,000) respectively, and on the weighted average number of 1,832,090,909 (2011: 1,532,090,909) ordinary shares in issue during the Period.

Diluted loss per share for the three months ended 31 March 2012 and 2011 were the same as basic loss per share as the effects of the Company's convertible notes and share options were anti-dilutive.

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Capital reduction reserve RMB'000	Share option reserve RMB'000	General reserve fund RMB'000	Foreign currency Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2011	14,607	61,210	7,195	92,489	20,103	9,025	(1,464)	(165,346)	37,819
Total comprehensive loss for the three months ended 31 March 2011	–	–	–	–	–	–	(137)	(8,184)	(8,321)
Issue of share capital	2,515	10,870	–	–	–	–	–	–	13,385
At 31 March 2011	17,122	72,080	7,195	92,489	20,103	9,025	(1,601)	(173,530)	42,883
At 1 January 2012	17,122	72,080	7,195	92,489	20,103	9,025	(2,786)	(212,889)	2,339
Total comprehensive loss for the three months ended 31 March 2012	–	–	–	–	–	–	569	(10,667)	(10,098)
At 31 March 2012	17,122	72,080	7,195	92,489	20,103	9,025	(2,217)	(223,556)	(7,759)

10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (2011: Nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 31 March 2012 (the "Period"), the Group recorded an unaudited consolidated turnover of approximately RMB48,392,000 (2011: RMB22,658,000), which represented an approximately 114% increase as compared with that of the corresponding period in 2011. Such increase was due to the introduction of a new business in trading of biodegradable food containers and industrial packaging products in Hong Kong, which represented approximately 57% of the consolidated turnover of the Group for the period.

The selling and distribution expenses for the Period increased by approximately RMB5,713,000 or 50% as compared with the corresponding period in 2011. This was due to the increase in the salaries and commission for salesmen and advertising and promotion expenses during the Period.

The general and administrative expenses for the Period decreased by approximately RMB408,000 or 5% as compared with the corresponding period in 2011. This was due to stricter control on the Group's office expenses by the management.

Loss attributable to shareholders of the Company for the Period amounted to RMB10,667,000 (2011: RMB8,184,000), which represented approximately RMB2,483,000 or 30% increase as compared with the corresponding period in 2011. This was mainly due to the increase selling and distribution expense, finance costs and amortisation of intangible assets.

Business Review

The Group is principally engaged in the production and sale of the medicines known as "Plasmin Capsule" and "Puli Capsule" in Mainland China and trading of biodegradable food containers and industrial packaging products in Hong Kong.

Sales and Marketing

The sales of “Puli Capsule” was approximately RMB19,432,000 (2011: RMB21,291,000), representing approximately 40% of the consolidated turnover of the Group for the Period. The sales of “Puli Capsule” for the Period decreased by approximately 9% as compared with the corresponding period in 2011. This is due to strict competition and adverse market conditions in the pharmaceutical industry in Mainland China. The Group will continue to focus on mass media advertising to promote the “Puli Capsule” on the OTC medicine market.

The sales of “Plasmin Capsule” was approximately RMB1,209,000 (2011: RMB1,187,000), representing approximately 2% of the consolidated turnover of the Group for the Period. The sales of “Plasmin Capsule” for the Period increased by approximately 2% as compared with the corresponding period in 2011. In order to improve the sales of “Plasmin Capsule”, the Group will continue to focus more on developing the prescription medicine market through doctors in hospitals. Besides, the Group will put more efforts in mass media advertising to further promote the sales of “Puli Capsule” through the OTC medicine market.

Outlook

The Directors still anticipate that fierce competition in the pharmaceutical industry in Mainland China, together with the fact that the Group operates with significant loans, will strongly affect adversely the future earnings and prospects of the Group.

Going forward, the Board will make every effort to improve the operation results of the Group and continue, among others, to look for new projects, so as to strengthen the profitability and minimise the performance risk of the Group.

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 2012, the 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 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/ Nature of interest	No. of shares (Note)	Approximate percentage of interest
Mr. Hu Yangxiong	Beneficial Owner and interest of a controlled corporation	85,700,000 (L)	4.68%
Mr. Leung King Fai	Beneficial Owner	660,000 (L)	0.04%

Notes:

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

Save as disclosed above, as at 31 March 2012, none of the Directors or chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders of other members of the Group

So far as known to any Director or chief executive of the Company, as at 31 March 2012, persons who have interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity/ Nature of interest	No. of shares (Note 1)	Approximate percentage of interest
Mr. Yip Chi Fai, Stevens (Note 2)	Interest of controlled corporation	193,975,000 (L)	10.59%
Beckon Investments Limited	Beneficial owner	193,975,000 (L)	10.59%
Mr. Liu Yinxiao	Beneficial owner	110,000,000 (L)	6.00%

Notes:

1. The letter "L" denotes a long position in shares.

2. Mr. Yip Chi Fai, Stevens is deemed or taken to be interested in these shares which are beneficially owned by his wholly owned company, namely Beckon Investments Limited for the purpose of the SFO.

Save as disclosed above, as at 31 March 2012, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 of Hong Kong Limited on the date of grant and the average closing price of the shares on The Stock Exchange of Hong Kong Limited 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.

At 31 March 2012, the director, employees, consultants, advisors, former director 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$0.01 of the company.

Details of grantees	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Hu Yangxiong (Director)	86,760,000	22 January 2010	2 December 2009 to 1 December 2019	HK$0.2488
Zhao Borui (Director)	7,000,000	11 November 2009	11 November 2009 to 10 November 2019	HK$0.211
Leung King Fai (Director)	4,000,000	11 November 2009	11 November 2009 to 10 November 2019	HK$0.211
Consultants, Advisers, Service Providers, Employees and Others	54,000,000	11 November 2009	11 November 2009 to 10 November 2019	HK$0.211

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

Directors' and chief executives' rights to acquire shares or debt securities

As at 31 March 2012, 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. Lam Kai Tai, Mr. Wong Ting Kon and Ms. Yeung Mo Sheung, Ann, the three Independent Non-executive Directors. The audit committee met one time during the Period.

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 Board to the audit committee and the supervisory committee of the Board.

Suspension of Trading of the Shares

At the request of the Company, trading in of the shares of the Company was suspended from 9:00 a.m. on 1 April 2011 and will remain suspended until further notice. Until satisfaction of all the resumption conditions set by the Stock Exchange, trading in the shares of the Company will continue to be suspended.

The Company's former auditors, KLC Kennic Lui & Co. Ltd. ("KLC"), expressed a disclaimer of opinion on the financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 because they were unable to obtain sufficient audit evidence on a number of significant matters. The Company announced on 12 May 2011 that the audit committee of the Company recommended it to engage independent professional parties to investigate and address the audit qualifications and to review the Group's internal control system. KLC resigned as auditors of the Group with effect from 14 June 2011. HLB Hodgson Impey Cheng ("HLB") was appointed as auditors of the Company for the year ended 31 December 2010 to fill the causal vacancy following the resignation of KLC and to hold the office until the conclusion of the next annual general meeting of the Company. The Company is taking necessary steps to fulfill the above conditions imposed by the Stock Exchange. An independent professional firm, KL CPA Limited was appointed to review the Group's internal controls and financial reporting procedures.

Corporate Governance

Throughout the Period under review, the Company has complied, subject to the following deviations, with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules, except that:

A.4.1 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.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Period.

Code of conduct regarding directors' securities transactions

For the Period under review, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, the Directors have complied with the required standard of dealings and the code of conduct regarding directors' securities transactions for the Period under review.

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

Hong Kong, 10 May 2012

As at the date hereof, the executive directors of the Company are Mr. Chow Yik, Mr. Hu Yangxiong, Mr. Lee Cheuk Yue, Ryan and Mr. Leung King Fai; the independent non-executive directors of the Company are Mr. Lam Kai Tai, Mr. Wong Ting Kon and Ms. Yeung Mo Sheung, Ann.

This report 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 website of the Company at http://www.tricor.com.hk/webservice/008019.