



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

2012

Third 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 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 for the purpose of giving information with regard to the Company. The directors of 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 document misleading.

UNAUDITED FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months and three months ended 30 September 2012, together with the comparative unaudited figures for the corresponding periods in last financial year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Turnover	3	120,763	58,768	25,239	13,143
Cost of sales		(79,553)	(19,383)	(19,925)	(4,965)
Gross profit		41,210	39,385	5,314	8,178
Other gains and losses	5	(177)	498	572	(4,241)
Selling and distribution expenses		(40,561)	(32,670)	(8,634)	(11,981)
General and administrative expenses		(29,497)	(27,120)	(10,294)	(8,514)
Loss from operations		(29,025)	(19,907)	(13,042)	(16,558)
Share of results of associates		-	(530)	-	-
Finance costs	6(a)	(13,922)	(5,047)	(4,381)	(1,543)
Loss before taxation	6	(42,947)	(25,484)	(17,423)	(18,101)
Income tax expenses		-	(250)	-	(99)
Loss for the period		(42,947)	(25,734)	(17,423)	(18,200)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(continued)

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Other comprehensive income, net of tax					
Exchange differences on translation into presentation currency		463	643	(1)	911
Total comprehensive loss for the period		(42,484)	(25,091)	(17,424)	(17,289)
Loss for the period attributable to owners of the Company		(42,947)	(25,734)	(17,423)	(18,200)
Total comprehensive loss attributable to owners of the Company		(42,484)	(25,091)	(17,424)	(17,289)
Loss per share					
– Basic and diluted	8	RMB(2.34) cents	RMB(1.50) cents	RMB(0.95) cents	RMB(0.99) cents

NOTES TO FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 1 August 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands, and its shares have been listed on the GEM of the Stock Exchange with effect from 20 July 2001.

The unaudited financial statements for the nine months ended 30 September 2012 comprise the unaudited financial statements of the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily engaged in the manufacture and sales of medicines in Mainland China and trading of biodegradable container in Hong Kong.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The principal accounting policies adopted in these condensed financial statements are consistent with those used 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 interim results:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010
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 IFRSs 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)*

(b) Going concern

The Group incurred a loss attributable to the equity shareholders of the Company of RMB42,947,000 for the period. In addition, the Group had net current liabilities of RMB213,436,000 as at 30 September 2012. The Group had outstanding banks and other borrowings of approximately RMB63,200,000, which an aggregate of approximately RMB63,200,000 is due for repayment within the next twelve months after 30 September 2012. Nevertheless, the Directors have adopted the going concern basis in the preparation of these consolidated financial statements based on the following:

- The Directors are in ongoing negotiations with the Group's lenders to reschedule the repayment of loans and borrowings due from the Group and to seek the ongoing support to the Group from these lenders and new lenders.
- The Directors are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, a private placement, an open offer or a rights issue of new shares of the Company.
- The Directors continue to take action to tighten cost controls over factory overheads and various general and administrative expenses, and are actively seeking new investment and business.

In addition, the Group underwent the following activities for the period up to the date of issue of these financial statements so as to improve its cash flows:

- The Company entered into a conditional sale and purchase agreement with an independent third party to dispose the pharmaceutical products business, a loss making business for several years, so as to improve the overall performance of the Group and hence improve its cash flows.

(c) 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.

2. BASIS OF PREPARATION *(continued)*

(d) 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.

(e) 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 any goods returns and trade discounts.

	2012 RMB'000	2011 RMB'000
Sales of pharmaceutical products	46,480	57,520
Sales of biodegradable products	69,582	—
Others	4,701	1,248
	120,763	58,768

4. SEGMENT REPORTING

Segment revenues and results

	(Unaudited)							
	For the nine months ended 30 September							
	Pharmaceutical products		Biodegradable products		Others		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	46,480	57,520	69,582	-	4,701	1,248	120,763	58,768
Result								
Segment result	(18,642)	(10,911)	(4,866)	-	2,442	336	(21,066)	(10,575)
Unallocated corporate expenses							(7,959)	(9,332)
Loss from operations							(29,025)	(19,907)
Share of results of associates							-	(530)
Finance costs							(13,922)	(5,047)
Loss before taxation							(42,947)	(25,484)
Income tax expenses							-	(250)
Loss for the period							(42,947)	(25,734)

4. SEGMENT REPORTING (continued)

Segment revenues and results (continued)

(Unaudited)								
For the three months ended 30 September								
	Pharmaceutical products		Biodegradable products		Others		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	6,917	12,314	17,166	-	1,290	829	25,373	13,143
Result								
Segment result	(8,609)	(10,202)	(2,923)	-	971	523	(10,561)	(9,679)
Unallocated corporate expenses							(2,481)	(6,879)
Loss from operations							(13,042)	(16,558)
Share of results of associates							-	-
Finance costs							(4,381)	(1,543)
Loss before taxation							(17,423)	(18,101)
Income tax expenses							-	(99)
Loss for the period							(17,423)	(18,200)

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

5. OTHER GAINS AND LOSSES

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Fair value (loss)/gain on financial assets at fair value through profit or loss	(714)	353	(200)	(4,118)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	(950)	(1,615)	-	8
Sample income	271	321	2	92
Sundry income	1,224	561	770	(223)
Gain on disposal of a subsidiary	-	878	-	-
Loss on disposal of an associate	(8)	-	-	-
	(177)	498	572	(4,241)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
(a) Net finance costs/(income)				
Interest on bank and other borrowings wholly repayable within five year	7,073	5,263	3,347	1,668
Interest on convertible notes	5,350	-	731	-
Interest on promissory notes	1,500	-	304	-
Bank interest income	(1)	(216)	(1)	(125)
Net financial costs recognised in consolidated statement of comprehensive income	13,922	5,047	4,381	1,543

6. LOSS BEFORE TAXATION (continued)

Loss before taxation is arrived at after charging: (continued)

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
(b) Staff costs				
Contributions to defined contribution retirement plans	43	286	16	242
Salaries, wages and other benefits	14,728	13,673	6,112	3,167
Total staff costs	14,771	13,959	6,128	3,409
(c) Other items				
Amortisation of intangible assets	13,049	899	4,350	300
Depreciation of property, plan and equipment	1,548	1,275	521	518
Advertising and promotion expenses	15,492	20,362	2,922	8,445
Auditors' remuneration	1,263	1,251	447	411
Cost of inventories sold	79,553	19,383	19,925	4,965

7. INCOME TAX

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Current tax				
PRC enterprise income tax for the period	-	250	-	99

(i) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits chargeable from Hong Kong Profits Tax during the Period (2011: nil).

7. INCOME TAX *(continued)*

(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 subsidiaries of the Company established in the PRC is generally subject to PRC enterprise income tax of 25% for the Period (2011: 25%).

8. LOSS PER SHARE

(a) Basic loss per share

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Loss for the period	(42,947)	(25,734)	(17,423)	(18,200)
Weighted average number of ordinary shares	1,832,090,909	1,711,211,788	1,832,090,909	1,832,090,909

(b) Diluted loss per share

Diluted loss per share for the nine months ended 30 September 2012 and 2011 were the same with basic loss per share as the exercise price of the Company’s share options were higher than the average market price of the shares.

9. RESERVES

	For the nine months ended 30 September							Total	Total		
	2012									RMB'000	RMB'000
	Share premium	Capital reserve	Share option reserve	Capital reduction reserve	General reserve fund	Foreign currency					
						translation reserve	Accumulated losses				
As at 1 January	72,060	7,195	20,103	92,489	9,025	(2,786)	(212,889)	(14,783)	23,212		
Total comprehensive loss for the period	-	-	-	-	-	463	(42,947)	(42,484)	(25,091)		
Issue of share capital	-	-	-	-	-	-	-	-	10,870		
As at 30 September	72,060	7,195	20,103	92,489	9,025	(2,323)	(255,836)	(57,267)	8,991		

	For the three months ended 30 September							Total	Total		
	2012									RMB'000	RMB'000
	Share premium	Capital reserve	Share option reserve	Capital reduction reserve	General reserve fund	Foreign currency					
						translation reserve	Accumulated losses				
As at 1 July	72,060	7,195	20,103	92,489	9,025	(2,322)	(238,413)	(39,843)	26,280		
Total comprehensive loss for the period	-	-	-	-	-	(1)	(17,423)	(17,424)	(17,289)		
As at 30 September	72,060	7,195	20,103	92,489	9,025	(2,323)	(255,836)	(57,267)	8,991		

10. DIVIDEND

The Directors do not recommend the payment of any dividends for the nine months ended 30 September 2012 (2011: Nil).

11. EVENTS AFTER THE REPORTING PERIOD

On 16 June 2012, the Company, as the seller, entered into a Sale and Purchase Agreement (the "Agreement") with the 山西常春藤醫藥科技發展有限公司 (Shanxi Chang Chuan Teng Medical Technology Development Company Limited*), an independent third party (the "Purchaser"), pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Company's entire interest in Garner International Investments Limited ("Garner"), a wholly owned subsidiary of the Company, for a total consideration of HK\$3,000,000. Pursuant to the Agreement, the Company also agreed to irrevocably and unconditionally waive the outstanding amount owing by the Garner and its subsidiaries to the Company as at the date of Completion. All conditions set out in the Agreement have been fulfilled and the completion of this transaction took place on 10 October 2012.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2012 (the “Period”), the Group recorded an unaudited consolidated turnover of approximately RMB120,763,000 (2011: RMB58,768,000), which represented an approximately 105% 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 58% of the consolidated turnover of the Group for the period.

The selling and distribution expenses for the Period increased by approximately RMB7,891,000 or 24% as compared with the corresponding period in 2011. This was due to the increase in advertising and promotion expenses.

The general and administrative expenses for the Period increased by approximately RMB2,377,000 or 9% as compared with the corresponding period in 2011. This was due to the increase in the amortisation of intangible assets.

Net financial costs for the Period increased by approximately RMB8,875,000 or 176% as compared with the corresponding period in 2011. Such increase was due to the interest expense on the promissory notes and convertible notes issued on 27 May 2011.

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.

“Plasmin Capsule” is classified as a “State Class 2 Protected Product of Chinese Medicine” and is entitled to an administrative protection period of seven years commencing from 19 December 2006 and expiring on 29 September 2013. During the corresponding administrative protection period, the prescription and the production technology used by the Group in producing “Plasmin Capsule” are protected and no other manufacturers in Mainland China may produce or imitate this product in Mainland China. “Puli Capsule” is classified as a “State Class 4 Protected Product of Chemical Medicine”.

According to the clinical studies conducted by medical institutions in Mainland China, “Plasmin Capsule” has the principal effect of resolving blood clots and may be used for treatment of cardiovascular and cerebrovascular diseases, while “Puli Capsule” has the principal effect of treating osteoarthritis. Both products are manufactured in the Group’s production complex in Taigu County, Shanxi Province, which has obtained the Good Manufacturing Practices (“GMP”) certificate.

The biodegradable containers and disposable industrial packaging products are traded under the brandname “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.

Sales and Marketing

The sales of “Puli Capsule” was approximately RMB44,183,000 (2011: RMB48,785,000), representing approximately 37% 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.

The sales of “Plasmin Capsule” was approximately RMB2,297,000 (2011: RMB4,871,000), representing approximately 2% of the consolidated turnover of the Group for the Period. The sales of “Plasmin Capsule” for the Period decreased by approximately 53% as compared with the corresponding period in 2011.

Business Outlook and Prospects

The Directors still anticipate that fierce competition in the pharmaceutical industry in Mainland China will continue to strongly affect adversely the future earnings and prospects of the Group. The Group has also encountered difficulties in the past in obtaining approvals for its new pharmaceutical products from the relevant PRC authorities that has tightened the approval standards. Given the poor performance of the Group's pharmaceutical business that has incurred losses for years, the Directors consider that the disposal of the pharmaceutical business will allow the Company to concentrate on its business in the trading of biodegradable food containers and industrial packaging products. The Directors believe that inputs of further managerial, operational and financial and sales resources from the pharmaceutical business to the biodegradable businesses will enhance the performance of the biodegradable businesses.

Looking ahead, 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 Group is 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 help 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.

Major Events During the Period

Material Acquisitions and Disposals

On 16 June 2012, the Company, as the seller, entered into a Sale and Purchase Agreement (the "Agreement") with the 山西常春藤醫藥科技發展有限公司 (Shanxi Chang Chuan Teng Medical Technology Development Company Limited*), an independent third party (the "Purchaser"), pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Company's entire interest in Garner International Investments Limited ("Garner"), a wholly owned subsidiary of the Company, for a total consideration of HK\$3,000,000. Pursuant to the Agreement, the Company also agreed to irrevocably and unconditionally waive the outstanding amount owing by the Garner and its subsidiaries to the Company as at the date of Completion. All conditions set out in the Agreement have been fulfilled and the completion of this transaction took place on 10 October 2012.

OTHER INFORMATION

Directors' and chief executives' interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations

As at 30 September 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)	0.036%

Note:

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

Save as disclosed above, as at 30 September 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.

* For identification purpose only

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 30 September 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
Beckon Investments Limited	Beneficial owner	193,975,000 (L)	10.59%
Mr. Yip Chi Fai, Stevens (Note 2)	Interest of a controlled corporation	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 30 September 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 consultants, advisors, service providers, full-time employees and Executive Directors of the Company or its subsidiaries 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 30 September 2012, 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\$0.01 of the company.

Details of grantees	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Hu Yanxiong (Director)	86,760,000	22 January 2010	2 December 2009 to 1 December 2019	HK\$0.2488
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	61,000,000	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

Save as disclosed above, as at 30 September 2012, 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 Mainland China.

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 are to review and supervise the financial reporting process and the internal monitoring system of the Group. As at the date of this announcement, the audit committee has three members comprising Mr. Lam Kai Tai (who is acting as the chairman of the audit committee), Mr. Wong Ting Kon and Ms. Yeung Mo Sheung, Ann, the three independent non-executive Directors. The audit committee met three times during the Period.

The Group's unaudited third 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 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.

Up to the date of this report, KL CPA Limited had not yet completed the review. They are investigating the issue of debtors and creditors confirmation circulation by sending confirmations and will conduct site visit and interview if necessary. KL CPA Limited need more time to finalize the report after receiving replies from the debtors and creditors.

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.

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.

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

Hong Kong, 14 November 2012

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

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/web/service/008019>.