



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

THIRD QUARTERLY REPORT

2016

25.14 ▲
15.24 ▲
24.51 ▼

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This report, for which the directors (“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 document misleading.

HIGHLIGHTS

- Turnover for the nine months ended 30 September 2016 amounted to approximately RMB14,879,000, representing a decrease of approximately 56.6% as compared to the corresponding period in 2015.
- Loss attributable to owners of the Company for the nine months ended 30 September 2016 was approximately RMB6,476,000.
- Loss per share for the nine months ended 30 September 2016 was approximately RMB0.44 cents.
- The Directors do not recommend the payment of any dividends for the nine months ended 30 September 2016.

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 2016, together with the comparative unaudited figures for the corresponding periods in last financial year, as follows:

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

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Turnover	3	14,879	34,294	5,524	28,043
Cost of sales		(3,288)	(27,053)	(23)	(25,374)
Gross profit		11,591	7,241	5,501	2,669
Other gains and losses	5	(2,430)	674	(5,469)	2,427
General and administrative expenses		(16,462)	(13,469)	(4,655)	(4,002)
(Loss)/profit from operations		(7,301)	(5,554)	(4,623)	1,094
Share of results of associates		496	326	144	133
Impairment loss on goodwill		-	(43,544)	-	(43,544)
Finance costs	6(a)	(301)	(120)	(91)	(43)
Loss before taxation	6	(7,106)	(48,892)	(4,570)	(42,360)
Income tax expenses	7	(1,641)	(733)	(832)	(323)
Loss for the period		(8,747)	(49,625)	(5,402)	(42,683)
Other comprehensive income for the period, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		10,578	8,421	1,807	9,847
Total comprehensive income/(loss) for the period		1,831	(41,204)	(3,595)	(32,836)
Loss for the period attributable to:					
Owners of the Company		(6,476)	(28,080)	(4,878)	(21,178)
Non-controlling interests		(2,271)	(21,545)	(524)	(21,505)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		4,102	(19,659)	(3,071)	(11,331)
Non-controlling interests		(2,271)	(21,545)	(524)	(21,505)
			(Restated)		(Restated)
Loss per share					
- Basic	8	(RMB0.44 cents)	(RMB11.55 cents)	(RMB0.27 cents)	(RMB7.83 cents)
- Diluted		(RMB0.44 cents)	(RMB11.55 cents)	(RMB0.27 cents)	(RMB7.83 cents)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Level 20, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong.

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.

The functional currencies of the Company and its major subsidiaries are Hong Kong dollars and Renminbi ("RMB"). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS"). The unaudited condensed consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The condensed consolidated financial information should be read in conjunction with the 2015 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 31 December 2015 except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") which are effective for the accounting periods beginning on or after 1 January 2016 and relevant to its operations. The adoption of the new IFRSs has no material impact on the Group's results and financial position for current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current period, which has no material impact on the Group.

3. TURNOVER

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

	(Unaudited)		(Unaudited)	
	For the nine months ended 30 September		For the three months ended 30 September	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of biodegradable products	-	1,888	-	246
Trading and manufacturing of biomass fuel	3,389	25,612	23	25,439
Interest income on money lending business	11,490	6,794	5,501	2,358
	14,879	34,294	5,524	28,043

4. SEGMENT REPORTING
Segment revenues and results

	(Unaudited)							
	For the nine months ended 30 September							
	Biodegradable products		Biomass fuel products		Money lending		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Turnover								
External sales	-	1,888	3,389	25,612	11,490	6,794	14,879	34,294
Result								
Segment results	(836)	(2,459)	(4,755)	(388)	10,114	4,227	4,523	1,380
Unallocated corporate expenses							(9,393)	(7,414)
Fair value (loss)/gain on financial assets at fair value through profit or loss							(2,431)	480
Loss from operations							(7,301)	(5,554)
Share of results of associates							496	326
Impairment loss on goodwill							-	(43,544)
Finance costs							(301)	(120)
Loss before taxation							(7,106)	(48,892)
Income tax expenses							(1,641)	(733)
Loss for the period							(8,747)	(49,625)

(Unaudited)
For the three months ended 30 September

	Biodegradable products		Biomass fuel products		Money lending		Consolidated	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Turnover								
External sales	-	246	23	25,439	5,501	2,358	5,524	28,043
Result								
Segment results	(57)	(390)	(1,146)	(144)	5,095	1,727	3,892	1,193
Unallocated corporate expenses							(3,046)	(2,511)
Fair value (loss)/gain on financial assets at fair value through profit or loss							(5,469)	2,412
(Loss)/profit from operations							(4,623)	1,094
Share of results of associates							144	133
Impairment loss on goodwill							-	(43,544)
Finance costs							(91)	(43)
Loss before taxation							(4,570)	(42,360)
Income tax expenses							(832)	(323)
Loss for the period							(5,402)	(42,683)

5. OTHER GAINS AND LOSSES

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Fair value (loss)/gain on financial assets at fair value through profit or loss	(2,431)	480	(5,469)	2,412
Sundry income	1	194	-	15
	(2,430)	674	(5,469)	2,427

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	
	2016	2015	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs				
Interest on obligations under finance lease	301	120	91	43
(b) Staff costs (excluding directors' remuneration)				
– Contributions to defined contribution plans	98	108	23	38
– Salaries, wages and other benefits	2,223	2,895	736	1,049
Directors' remuneration	1,057	731	219	224
Total staff costs	3,378	3,734	978	1,311
(c) Other items				
Amortisation of intangible assets	148	481	49	117
Depreciation of property, plant and equipment	6,240	1,213	1,871	434
Auditors' remuneration	604	566	204	191
Impairment loss on intangible assets	–	1,187	–	–
Impairment loss on goodwill	–	43,544	–	43,544
Cost of inventories sold	3,288	27,053	23	25,374

7. INCOME TAX EXPENSES

	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Current tax				
Hong Kong	1,641	732	832	322
PRC enterprise income tax	-	1	-	1
	1,641	733	832	323

(i) Hong Kong profits tax

Hong Kong income tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period ended 30 September 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 subsidiaries of the Company established in the PRC is generally subject to PRC enterprise income tax of 25% for the period ended 30 September 2016 (2015: 25%).

8. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 30 September 2016 was based on the loss for the period attributable to owners of the Company of approximately RMB4.88 million (2015: loss for the period attributable to owners of the Company of approximately RMB21.18 million) and on the weighted average number of ordinary shares of approximately 1,788,780,588 shares (2015 (restated): 270,452,237 shares).

The calculation of basic loss per share for the nine months ended 30 September 2016 was based on the loss for the period attributable to owners of the Company of approximately RMB6.48 million (2015: loss for the period attributable to owners of the Company of approximately RMB28.08 million) and on the weighted average number of ordinary shares of approximately 1,461,841,272 shares (2015 (restated): 243,208,889 shares).

Diluted loss per share for the three months ended 30 September 2016 (three months ended 30 September 2015) and nine months ended 30 September 2016 (nine months ended 30 September 2015) were the same as the basic loss per share. The Company's outstanding share options, warrants and convertible notes were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options and warrants were anti-dilutive.

9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Warrants reserve	Capital reduction reserve	Share option reserve	Exchange reserve	Accumulated losses	Sub-total	controlling interests	Non-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
Placement of shares	66,977	974	-	-	-	-	-	67,951	-	67,951
Loss for the period	-	-	-	-	-	-	(28,080)	(28,080)	(21,545)	(49,625)
Exchange differences on translating foreign operations	-	-	-	-	-	8,421	-	8,421	-	8,421
At 30 September 2015	406,748	147,798	1,263	92,489	36,239	(2,165)	(341,702)	340,670	76,515	417,185
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	-	-	-	-	-	-	(6,476)	(6,476)	(2,271)	(8,747)
Exchange differences on translating foreign operations	-	-	-	-	-	10,578	-	10,578	-	10,578
Total comprehensive income/(loss) for the Period	-	-	-	-	-	10,578	(6,476)	4,102	(2,271)	1,831
Issue of new ordinary shares	25,780	180,459	-	-	-	-	-	206,239	-	206,239
Transaction costs attributable to issue of new ordinary shares	-	(3,093)	-	-	-	-	-	(3,093)	-	(3,093)
At 30 September 2016	29,847	325,164	1,263	495,170	34,896	12,919	(411,426)	487,833	22,073	509,906

10. DIVIDEND

The Directors do not recommend the payment of any dividends for the nine months ended 30 September 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2016 (the “Period”), the Group recorded an unaudited consolidated turnover of approximately RMB14,879,000 (2015: RMB34,294,000), which represented a decrease of approximately 56.6% as compared with that of the corresponding period in 2015.

The decrease of turnover was mainly attributed to the decrease in revenue from the sale of biodegradable products and the trading and manufacturing of biomass fuel which partially offset by the increase in interest income earned from the money lending business of approximately RMB4,696,000 or 69.1% as compared with the corresponding period in 2015.

The other gain and loss was turnaround from a gain of approximately RMB674,000 in corresponding period in 2015 to a loss of approximately RMB2,430,000 for the Period under review. The turnaround was attributed to net unrealised loss of approximately RMB2,431,000 (2015: net unrealised gain of RMB480,000) recorded from the listed securities portfolio held by the Group as at 30 September 2016.

The general and administrative expenses for the Period increased by approximately RMB2,993,000 or 22.2% as compared with the corresponding period in 2015. The increase was mainly attributed to the increased depreciation charges recorded during the Period under review compared with the corresponding period in 2015.

Finance costs for the Period increased by approximately RMB181,000 or 150.8% as compared with the corresponding period in 2015. The finance costs for the Period under review represented the interest expenses on the obligations under finance leases entered by the Group for the acquisition of fixed assets.

Loss attributable to owners of the Company for the Period amounted to RMB6,476,000 (2015: RMB28,080,000), which represented approximately RMB21,604,000 or 76.94% decrease as compared with the corresponding period in 2015. The decrease was mainly due to an impairment loss on goodwill of approximately RMB43,544,000 recorded during the corresponding period in 2015 and no such expense is recorded during the Period under review.

Business Review and Future Prospect

During the Period under review, the Group continued to focus on the money lending business in Hong Kong.

Despite the competitive and uncertain business environment for the loan market in Hong Kong, the Group recorded a growth of 69.1% in revenue from money lending business as compared with the corresponding period in 2015 due to persisting high demand for loan products. As at 30 September 2016, the loan portfolio held by the Group was approximately RMB236.5 million. Interest income earned from the money lending business was approximately RMB11,490,000 during the Period under review, which represented approximately 77.2% of the total revenue.

The biodegradable food containers and disposable industrial packaging products are traded under the brand name "Earth Buddy". During the Period under review, no sale was recognised for the biodegradable products business due to the extremely weak demand.

The performance of biomass fuel business was significantly influenced by the competitive price of crude oil. 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.

Looking forward, the Group will devote its resources to expand the money lending business in a proactive yet cautious manner. The management will continue to closely monitor the credit risk of the loan portfolio on an ongoing basis. The Group will also explore other potential investment opportunities in order to broaden our income sources.

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 30 September 2016, the Group had current assets of approximately RMB370,233,000 (31 December 2015: RMB167,353,000) and liquid assets comprising cash and short term securities investments totalling approximately RMB90,571,000 (31 December 2015: RMB48,653,000). The Group's current ratio, calculated based on current assets of approximately RMB370,233,000 (31 December 2015: RMB167,353,000) over the current liabilities of approximately RMB27,353,000 (31 December 2015: RMB28,525,000), was at a healthy level of approximately 13.5 times as at 30 September 2016 (31 December 2015: 5.9 times).

As at 30 September 2016, the Group had long-term obligations under finance leases of approximately RMB5,345,000 (31 December 2015: RMB2,437,000) and short-term obligations under finance leases of approximately RMB1,617,000 (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.

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 that the Group has sufficient financial resources to meet its ongoing operational requirements.

CHARGES ON GROUP'S ASSETS

Save 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 kept Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider the Group's risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging on alternative policies to deal with such exposure during the Period.

MAJOR EVENTS DURING THE PERIOD

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.

CAPITAL STRUCTURE

Authorised share capital

As at 30 September 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 increased 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	

		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 HK\$	of proceeds as at the date of this report HK\$		
Rights issue	Development of money lending business	200,000,000	200,000,000	–	Used as intended
	Future acquisition on investments	40,760,000	31,068,000	9,692,000	Used as intended and the remaining balance unchanged with the original plan
		240,760,000	231,068,000	9,692,000	

The net proceeds of approximately HK\$9,692,000 raised from the Rights issue has not been utilised as at the date hereof and kept in the bank of the Company.

SIGNIFICANT INVESTMENTS

The Group had no significant investment during the Period.

EMPLOYEE INFORMATION

Currently, the Group has about 29 employees working in Hong Kong and in the PRC. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

GEARING RATIO

As at 30 September 2016, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 6%.

CONTINGENT LIABILITIES

As at 30 September 2016, the Group did not have any material contingent liabilities.

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 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.

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 AGM held on 18 May 2015, adjusted on 9 November 2015 due to share consolidation and further refreshed at the annual general meeting of the Company ("AGM") held on 12 May 2016. The Company has granted 178,800,000 options on 20 July 2016 and cancelled the offer of the grant of 178,800,000 options on 12 August 2016. The scheme mandate limit of the Share Option Scheme has been refreshed at the extraordinary general meeting of the Company held on 3 October 2016.

As at 30 September 2016, 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
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

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.

EVENTS AFTER THE REPORTING PERIOD

Save for the refreshment of scheme mandate limit of the Share Option Scheme mentioned above, the Group has no material events after the reporting period.

DIRECTOR'S AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 30 September 2016, save for the share option scheme, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 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.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the Period.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include the review and supervision of the financial reporting process and the internal control and risk management systems of the Group on ongoing basis. Except from 4 July 2016 to 10 August 2016, during the Period, the Audit committee comprised of three members and all of whom are independent non-executive Directors. Mr. Ho Kei Wing, Nelson resigned on 4 July 2016 and Ms. Ho Yuen Ki was appointed on 10 August 2016 as a replacement. Mr. Kwok Pak Yu, Steven who possess appropriate professional qualifications, accounting and related financial management expertise, is the Chairman of the Audit Committee. The Audit Committee meets at least quarterly. The Group's unaudited interim 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 control and risk management systems of the Group had been properly implemented and was adequate to keep the Board informed of the business and the management affairs of the Group. During the 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
Chairlady

Hong Kong, 11 November 2016

As at the date hereof, the executive Directors are Ms. Tsui Annie and Ms. Wang Ziyi; the independent non-executive Directors are Mr. Kwok Pak Yu, Steven, Ms. Ma Sijing and Ms. Ho Yuen Ki.