



HAO WEN HOLDINGS LIMITED

皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019



First Quarterly  
Report

**2017**

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

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

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of Hao Wen Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## HIGHLIGHTS

- Turnover the Group for the three months ended 31 March 2017 was approximately RMB11,060,000, representing an increase of approximately 226.6% as compared with that of the corresponding period in 2016.
- Loss attributable to owners of the Company for the three months ended 31 March 2017 was approximately RMB54,000.
- Loss per share was approximately RMB0.003 cents.
- The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2017.

## UNAUDITED FINANCIAL RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2017 (the “Period”), 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)

For the three months ended 31 March 2017

	Notes	For the three months ended 31 March	
		2017 RMB'000	2016 RMB'000
<b>Turnover</b>	3	<b>11,060</b>	3,386
Cost of sales		<b>(3,191)</b>	(1,469)
<b>Gross profit</b>		<b>7,869</b>	1,917
Other gains	5	<b>4,415</b>	1,998
General and administrative expenses		<b>(12,495)</b>	(5,994)
<b>Loss from operations</b>		<b>(211)</b>	(2,079)
Share of results of associates		<b>135</b>	172
Finance costs	6(a)	<b>(71)</b>	(39)
<b>Loss before taxation</b>	6	<b>(147)</b>	(1,946)
Income tax expenses	7	<b>(439)</b>	(221)
<b>Loss for the period</b>		<b>(586)</b>	(2,167)
<b>Other comprehensive loss, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		<b>(3,975)</b>	(5,655)
Share of changes in other comprehensive income in associates		-	(2)
<b>Total comprehensive loss for the period</b>		<b>(4,561)</b>	(7,824)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(54)</b>	(942)
Non-controlling interests		<b>(532)</b>	(1,225)
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(4,029)</b>	(6,599)
Non-controlling interests		<b>(532)</b>	(1,225)
<b>Loss per share</b>			
- Basic and diluted (RMB cents)	8	<b>(0.003)</b>	(0.117)

### 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, biodegradable products and trading of electronic parts.

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 2016 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 2016 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 2017 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 (i) 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 and (ii) interest income earned from the money lending business.

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 31 March</b>	
	<b>2017</b> <b>RMB'000</b>	2016 <i>RMB'000</i>
Trading and manufacturing of biomass fuel	–	1,514
Interest income on money lending business	<b>7,071</b>	1,872
Trading of electronic parts	<b>3,989</b>	–
	<b>11,060</b>	3,386

## 4. SEGMENT REPORTING

## Segment revenues and results

	(Unaudited)									
	For the three months ended 31 March									
	Biomass fuel products		Money lending		Biodegradable products		Electronic Parts		Consolidated	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
<b>Turnover</b>										
External sales	-	1,514	7,071	1,872	-	-	3,989	-	11,060	3,386
<b>Results</b>										
Segment results	(1,147)	(2,423)	1,497	1,133	(2)	(216)	798	-	1,146	(1,506)
Unallocated corporate expenses									(5,772)	(2,571)
Fair value gain on financial assets at fair value through profit or loss									4,415	1,998
Loss from operations									(211)	(2,079)
Share of results of associates									135	172
Finance costs									(71)	(39)
Loss before taxation									(147)	(1,946)
Income tax expenses									(439)	(221)
Loss for the period									(586)	(2,167)

## 5. OTHER GAINS

	(Unaudited)	
	For the three months ended 31 March	
	2017 RMB'000	2016 RMB'000
Fair value gain on financial assets at fair value through profit or loss	4,415	1,998

**6. LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

	(Unaudited) For the three months ended 31 March	
	2017 RMB'000	2016 RMB'000
<b>(a) Finance costs</b>		
Interest on obligations under finance leases	71	39
<b>(b) Staff costs (including director's emoluments)</b>		
– Contributions to defined contribution plans	23	46
– Salaries, wages and other benefits	808	708
– Directors' remuneration	231	448
Total staff costs	1,062	1,202
<b>(c) Other items</b>		
Amortisation of intangible assets	–	50
Depreciation of property, plant and equipment	1,569	2,761
Auditors' remuneration	238	238
Cost of inventories sold	3,191	1,469

**7. INCOME TAX EXPENSES**

	(Unaudited) For the three months ended 31 March	
	2017 RMB'000	2016 RMB'000
<b>Current tax</b>		
Hong Kong	239	221
PRC Enterprise Income Tax	200	–
	439	221

**(i) Hong Kong profits tax**

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the three months ended 31 March 2017.

**(ii) Income taxes outside Hong Kong**

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

The subsidiary of the Company established in the PRC is generally subject to PRC Enterprise Income Tax on its taxable income at an income tax rate of 25% in respect of the Period (2016: 25%).

**8. LOSS PER SHARE****(a) Basic loss per share**

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

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 31 March</b>	
	<b>2017</b> <b>RMB'000</b>	<b>2016</b> <b>RMB'000</b>
<b>Loss</b>		
Loss for the purposes of basic loss per share, loss for the three months period attributable to the owners of the Company	<b>(54)</b>	(942)

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 31 March</b>	
	<b>2017</b> <b>'000</b>	<b>2016</b> <b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>1,931,877</b>	804,370

**(b) Diluted loss per share**

Diluted loss per share for the three months ended 31 March 2017 and 2016 were the same as the basic loss per share. The Company's outstanding share options and warrants were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share option and warrants were anti-dilutive.



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

	Share capital	Share premium	Warrants reserve	Capital reduction reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses	Total	Non- controlling interests	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 2016	4,067	147,798	1,263	495,170	34,896	2,341	(404,950)	280,585	24,344	304,929
Loss for the period	-	-	-	-	-	-	(942)	(942)	(1,225)	(2,167)
Exchange differences on other comprehensive income in associate	-	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences on translating foreign operations	-	-	-	-	-	(5,655)	-	(5,655)	-	(5,655)
Total comprehensive loss for the three months ended 31 March 2016	-	-	-	-	-	(5,657)	(942)	(6,599)	(1,225)	(7,824)
Issue of shares upon Rights Issue	25,780	180,459	-	-	-	-	-	206,239	-	206,239
Transaction cost in relation to issue of shares upon Rights Issue	-	(3,093)	-	-	-	-	-	(3,093)	-	(3,093)
At 31 March 2016	29,847	325,164	1,263	495,170	34,896	(3,316)	(405,892)	477,132	23,119	500,251
At 1 January 2017	29,847	325,164	1,263	495,170	34,568	29,283	(488,139)	427,156	(9,554)	417,602
Loss for the period	-	-	-	-	-	-	(54)	(54)	(532)	(586)
Exchange differences on translating foreign operations	-	-	-	-	-	(3,975)	-	(3,975)	-	(3,975)
Total comprehensive loss for the three months ended 31 March 2017	-	-	-	-	-	(3,975)	(54)	(4,029)	(532)	(4,561)
Issue of shares upon placing of shares	6,337	33,271	-	-	-	-	-	39,608	-	39,608
Transaction cost in relation to issue of shares pursuant to placing of shares	-	(792)	-	-	-	-	-	(792)	-	(792)
At 31 March 2017	36,184	357,643	1,263	495,170	34,568	25,308	(488,193)	461,943	(10,086)	451,857

## 10. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Period (2016: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the three months ended 31 March 2017 (the "Period"), the Group recorded an unaudited consolidated turnover of approximately RMB11,060,000 (2016: RMB3,386,000), which represented an increase of approximately 226.6% as compared with that of the corresponding period in 2016.

The increase of turnover was mainly attributed to the increase in revenue from the money lending business and the trading of electronic parts. Interest income earned from the money lending business increased by approximately RMB5,199,000 or 277.7% as compared with the corresponding period in 2016. Meanwhile the revenue from trading of electronic parts had recorded approximately RMB3,989,000 during the period under review.

The other gains was attributed to net unrealised gain of approximately RMB4,415,000 (2016: RMB1,998,000) recorded from the listed securities portfolio held by the Group as at 31 March 2017.

The general and administrative expenses for the Period increased by approximately RMB6,501,000 or 108.5% as compared with the corresponding period in 2016. The increase was mainly attributed to the increased depreciation charges and advertising expenses recorded during the Period under review compared with the corresponding period in 2016.

Finance costs for the Period increased by approximately RMB32,000 or 82.1% as compared with the corresponding period in 2016. 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 RMB54,000 (2016: RMB942,000), which represented approximately RMB888,000 or 94.3% decrease as compared with the corresponding period in 2016.

## **BUSINESS REVIEW AND FUTURE PROSPECT**

During the Period under review, the Group continued to focus on the money lending business in Hong Kong and trading of electronic parts in PRC.

Despite the competitive and uncertain business environment for the loan market in Hong Kong, the Group recorded a growth of 277.7% in revenue from money lending business as compared with the corresponding period in 2016 due to persisting high demand for loan products. As at 31 March 2017, the loan portfolio held by the Group was approximately RMB323.1 million. Interest income earned from the money lending business was approximately RMB7,071,000 during the Period under review, which represented approximately 63.9% of the total revenue.

The trading of electronic parts business acquired in 2016 recorded a turnover of approximately RMB3,989,000 during the Period under review.

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 2017.

Looking forward, the Group will devote its resources to expand the money lending business and the trading of electronic parts 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.

## **CHARGES ON GROUP ASSETS**

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

## **FOREIGN EXCHANGE EXPOSURE**

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

## CAPITAL COMMITMENT

As at 31 March 2017, the Group did not have any material capital commitment (31 December 2016: Nil).

## PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 8 February 2017, the Company and China Sky Securities Limited (“Placing Agent”) entered into the placing agreement (“Placing Agreement”), pursuant to which the Placing Agent agreed to procure not less than six placees (“Placees”) to subscribe up to 357,756,117 new shares of the Company on a best effort basis, at an issue price of HK\$0.125 (“Placing Price”) per placing share (“Placing Share(s)”) (“Placing”).

The Placing Price, of HK\$0.125 per Placing Share was determined after arm’s length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the shares of the Company (“Share(s)”) and the market conditions. The Placing Price represents (i) a discount of approximately 16.11% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on 8 February 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 16.44% to the average closing price of HK\$0.1496 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Directors are of the view that the Placing will further facilitate the existing business development and implementation of the business strategies of the Company and supplement the working capital of the Group to meet any future development and obligations. The Placing also represent good opportunities to broaden the shareholders’ base and the capital base of the Company.

The Placing was completed on 24 February 2017. An aggregate of 357,740,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees, at the Placing Price of HK\$0.125 per Placing Share. The Company received net proceeds of approximately HK\$43.82 million from the Placing. The Company intends to apply the said net proceeds as to (i) approximately HK\$35.00 million for further expanding the money lending business; and (ii) approximately HK\$8.82 million for general working capital of the Group.

At the date of this report, net proceeds of HK\$35.00 million raised from the Placing had been applied for the operation of money lending business of the Group.

## CAPITAL STRUCTURE

### *Authorised Share Capital*

As at 31 March 2017, 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 the Placing on 24 February 2017, the number of Shares in issue was increased from 1,788,780,588 Shares of HK\$0.02 each to 2,146,520,588 Shares of HK\$0.02 each.

## USE OF PROCEEDS

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

	<b>Nature</b>	<b>Original intended use of proceeds stated in announcement dated 30 April 2014</b> <i>HK\$</i>	<b>Actual use of proceeds as at the date of this report</b> <i>HK\$</i>	<b>Remaining balance</b> <i>HK\$</i>	<b>Progress</b>
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	

		<b>Original intended use of proceeds stated in circular dated 25 June 2014 and change in use of proceeds in announcement dated 20 July 2015</b> <i>HK\$</i>	<b>Actual use of proceeds as at the date of this report</b> <i>HK\$</i>	<b>Remaining balance</b> <i>HK\$</i>	<b>Progress</b>
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	

	<b>Nature</b>	<b>Original intended use of proceeds stated in announcement dated 2 December 2015</b> <i>HK\$</i>	<b>Actual use of proceeds as at the date of this report</b> <i>HK\$</i>	<b>Remaining balance</b> <i>HK\$</i>	<b>Progress</b>
Rights issue	Development of money lending business	200,000,000	200,000,000	–	Used as intended
	Future acquisition or 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	

	<b>Nature</b>	<b>Original intended use of proceeds stated in announcement dated 8 February 2017</b> <i>HK\$</i>	<b>Actual use of proceeds as at the date of this report</b> <i>HK\$</i>	<b>Remaining balance</b> <i>HK\$</i>	<b>Progress</b>
Placing of new Shares under general mandate	Operation of money lending business	35,000,000	35,000,000	–	Used as intended
	Working capital	8,820,000	–	8,820,000	The remaining balance unchanged with the original plan
		43,820,000	35,000,000	8,820,000	

## EMPLOYEE INFORMATION

Currently, the Group has about 21 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 31 March 2017, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 10%.

## CONTINGENT LIABILITIES

As at 31 March 2017, 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 31 March 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



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

As at 31 March 2017, 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 positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

## SHARE OPTION

The Company has adopted the existing share option scheme (the "Share Option Scheme") on 24 September 2009. The scheme mandate limit of which has been refreshed at the extraordinary general meeting of the Company on 3 October 2016. During the period under review, no share options had been exercised, cancelled nor lapsed.

As at 31 March 2017, certain 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.

<b>Details of grantees</b>	<b>No. of options outstanding</b>	<b>Date granted</b>	<b>Period during which options are exercisable</b>	<b>Exercise price per share</b>
Consultants, Advisers, Service Providers,	160,850	11 November 2009	11 November 2009 to 10 November 2019	HK\$59.029
Employees and Others	11,886,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$4.557
	178,000,000	22 December 2016	22 December 2016 to 21 December 2017	HK\$0.1605

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 to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

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

As at 31 March 2017, 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.

## **COMPETING INTEREST**

The Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) 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. During the period under review, the Audit Committee comprised of three members and all of whom are independent non-executive Directors. 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 consolidated 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 under review, no material matters were identified and reported by the Audit Committee to the Board.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the reporting period.

By Order of the Board  
**Hao Wen Holdings Limited**  
**Tsui Annie**  
*Chairlady*

Hong Kong, 15 May 2017

*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.*