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HONG WEI (ASIA) HOLDINGS COMPANY LIMITED

鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

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

This announcement, for which the directors (the “Directors”) of Hong Wei (Asia) Holdings Company Limited (the “Company”, together with its subsidiary, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2014, together with the comparative figures of the corresponding period as appropriate. The financial information contained herein has not been audited by the Company’s auditor but has been reviewed by the Company’s audit committee.

Unless otherwise stated, the capitalised terms in this announcement shall have the same meaning as in the prospectus of the Company dated 27 December 2013 (“Prospectus”).

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Nine months ended 30 September		Three months ended 30 September	
		2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Revenue	3	286,130	116,900	111,140	47,587
Cost of sales		(201,886)	(83,976)	(77,742)	(32,278)
Gross profit		84,244	32,924	33,398	15,309
Other income		773	6,588	330	3,268
Other gain/(losses)		(109)	(550)	17	(1,420)
Distribution expenses		(25,288)	(10,193)	(11,470)	(3,843)
Administrative expenses		(20,429)	(10,397)	(9,647)	(3,969)
Other expenses		(1,450)	(6,843)	(36)	(2,084)
Finance costs	4	(17,919)	(3,352)	(6,889)	66
Profit before tax		19,822	8,177	5,703	7,327
Income tax expense	5	(780)	(959)	7	(1,130)
Profit for the period attributable to owners of the Company	6	19,042	7,218	5,710	6,197
Other comprehensive income which will not be reclassified subsequently to profit or loss:					
Exchange differences arising on translation to presentation currency		(1,492)	1,985	480	701
Other comprehensive income for the period		(1,492)	1,985	480	701
Total comprehensive income for the period		17,550	9,203	6,190	6,898
Total comprehensive income attributable to owners of the Company		17,550	9,203	6,190	6,898
Basic earnings per share, in HK cents		2.70	1.42	0.82	1.22

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2014	53,333	72,258	(16,968)	6,414	–	15,023	37,125	167,185
Profit for the period	–	–	–	–	–	–	19,042	19,042
Other comprehensive income for the period	–	–	–	–	–	(1,492)	–	(1,492)
Total comprehensive income for the period	–	–	–	–	–	(1,492)	19,042	17,550
Issue of new shares	17,778	51,556	–	–	–	–	–	69,334
Professional expenses incurred in connection with the Company's Listing	–	(6,166)	–	–	–	–	–	(6,166)
Effect of the new Hong Kong Companies Ordinance	117,648	(117,648)	–	–	–	–	–	–
Balance at 30 September 2014	<u>188,759</u>	<u>–</u>	<u>(16,968)</u>	<u>6,414</u>	<u>–</u>	<u>13,531</u>	<u>56,167</u>	<u>247,903</u>
Balance at 1 January 2013	51,333	4,875	(17,460)	4,087	(6,208)	12,053	31,585	80,265
Profit for the period	–	–	–	–	–	–	7,218	7,218
Other comprehensive income for the period	–	–	–	–	–	1,985	–	1,985
Total comprehensive income for the period	–	–	–	–	–	1,985	7,218	9,203
Issue of redeemable ordinary shares to Golden Win	2,000	7,383	–	–	(9,383)	–	–	–
Removal of Redemption Right of ordinary shares issued to Golden Win and payment of interest by a shareholder on behalf of the Company	–	–	492	–	15,591	–	–	16,083
Capitalisation of amount due to Mr. Wong Cheung Lok ("Mr. Wong")	–	60,000	–	–	–	–	–	60,000
Balance at 30 September 2013	<u>53,333</u>	<u>72,258</u>	<u>(16,968)</u>	<u>4,087</u>	<u>–</u>	<u>14,038</u>	<u>38,803</u>	<u>165,551</u>

1. BASIS OF PRESENTATION

The directors of the Company have given careful consideration to the Group's financial performance, working capital, liquidity position and available banking facilities from its principal bankers. On the basis that the Group's business, operations and relationships with its suppliers remained stable and the banking facilities available to the Group, the directors are of the view that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The unaudited consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") as disclosed in note 2 below.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") in the current period:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The directors of the Company anticipate that the application of the above new standard, amendments to standards and interpretation will have no material impact on these consolidated financial statements of the Group.

3. REVENUE

Revenue represents revenue arising on sales of particleboards as follows:

	For the nine months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Sales of particleboards	<u>286,130</u>	<u>116,900</u>

4. FINANCE COSTS

	For the nine months ended	
	30 September 2014 <i>HK\$'000</i> (Unaudited)	30 September 2013 <i>HK\$'000</i> (Unaudited)
Interest on bank loans		
– wholly repayable within five years	16,208	2,860
– not wholly repayable within five years	1,711	–
Interests on redeemable ordinary shares issued to Golden Win	–	492
	<u>17,919</u>	<u>3,352</u>

The borrowing cost was capitalised based on the terms of the specific bank borrowings.

5. INCOME TAX EXPENSE

	For the nine months ended	
	30 September 2014 <i>HK\$'000</i> (Unaudited)	30 September 2013 <i>HK\$'000</i> (Unaudited)
Current tax:		
PRC Enterprise Income Tax	<u>1,617</u>	<u>100</u>
Deferred tax:		
Current year charge/(credit)	<u>(837)</u>	<u>859</u>
	<u>780</u>	<u>959</u>
Profit before tax	<u>19,822</u>	<u>8,177</u>
Tax at applicable income tax rate	5,495	3,484
Tax effect of expenses not deductible for tax purpose	2,438	397
Tax effect of additional deduction based on 10% of revenue	<u>(7,153)</u>	<u>(2,922)</u>
Income tax expense recognised in profit or loss	<u>780</u>	<u>959</u>

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Hongwei (Renhua) is 25% during the nine months ended 30 September 2013 and 2014 respectively.

Pursuant to the EIT Law and its implementation regulations, where an enterprise utilises the resources as listed in the Catalogue of Resources for Comprehensive Utilisation Entitling Enterprises to Income Tax Preferences (資源綜合利用企業所得稅優惠目錄) as its major raw materials to make products which are not restricted or prohibited by the state and are consistent with the relevant state or industrial standards, only 90% of the income derived therefrom shall be accounted for as taxable income of the enterprise in that year. During the nine months ended 30 September 2014 and 2013 respectively, Hongwei (Renhua) is entitled to such preferential policy and only 90% of the income of Hongwei (Renhua) from the sale of particle board was regarded as taxable income.

6. PROFIT FROM OPERATION

Profit has been arrived at after charging:

	Nine months ended 30/9/2014 HK\$'000 (Unaudited)	Nine months ended 30/9/2013 HK\$'000 (Unaudited)
Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	20,582	3,879
Amortisation of prepaid lease payments	365	349
Total depreciation and amortisation expenses	<u>20,947</u>	<u>4,228</u>
Employee benefits expenses (include directors' emoluments)		
Salaries and other benefits	9,141	7,163
Contribution to retirement benefit schemes	821	622
Total employee benefit expenses	<u>9,962</u>	<u>7,785</u>
Cost of inventories recognised as an expense	201,886	83,976
Operating lease expenses	–	38
Auditor's remuneration	900	826
Expenses in relation to the listing process	–	6,318

7. EARNINGS PER SHARE

The calculation of earnings per share attributable to the owners of the company is based on the following data:

Earnings

	Nine months ended 30/9/2014 HK\$'000 (Unaudited)	Nine months ended 30/9/2013 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>19,042</u>	<u>7,218</u>

Number of shares

	Nine months ended 30/9/2014 '000	Nine months ended 30/9/2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>706,557</u>	<u>509,316</u>

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

During the nine months ended 30 September 2014, the Group continues to be primarily engaged in the manufacturing and sales of particleboards, which are used mainly by the customers of the Group in the manufacturing of furniture, flooring panels, decoration and construction materials. The Group also continues to further enhance its presence in the particleboard industry and capture market share in the Premium Quality Particleboard segment, and have undertaken the implementation steps to expand our product range, strengthen and expand our sales network across the PRC, expand our supplier base for the supply of the Residual Wood, enhance our product research and development and strengthen our brand recognition. Such implementation steps include, inter alia, commencing sales of new types of Premium Quality Particleboards such as fire-proof particleboard and formaldehyde-free particleboard and moisture-proof particleboard, commencing sales of new types of customised particleboard such as particleboard with individually-customised size and particleboard with specific physical features, completing external employment and/or internal allocation of additional personnel responsible for sale and marketing according to the stated business plan, deploying a sales and marketing team to be based in Shanghai for sales in Yangtze River Delta economic region and participating in China International Furniture Fair (Guangzhou), China (Guangzhou) International Building Decoration Fair, the First China (Ganzhou) Furniture Industry Fair and Guangzhou International Furniture Fair Materials and Hardware Accessories Fair. In particular, the Company adopted a company logo to further promote the corporate image of the Company and to cope with the future business development strategy of the Company in March 2014 and was granted the 3G Material Greening Certification for our formaldehyde-free particleboard by the Green Furniture Environment & Technology Committee of China National Interior Decoration Association in July 2014. With the operation of the new production line which commenced full production in December 2013, the sales orders and average selling price of particleboards increased in the nine months ended 30 September 2014 as compared to the corresponding period in 2013 primarily due to the better quality particleboards produced. Looking forward, we shall continue to take such implementation steps as necessary to achieve the business objectives as set out in the Prospectus in the remainder of 2014.

FINANCIAL REVIEW

Revenue

During the nine months ended 30 September 2014, the Group's revenue increased to approximately HK\$286.1 million from approximately HK\$116.9 million for the nine months ended 30 September 2013, representing an increase of approximately 144.8%. The increase was mainly due to (i) increase in selling price of particleboards as a result of the new products launched in the last quarter of 2013, and (ii) increase in sales volume as a result of the new production line.

Cost of Sales

During the nine months ended 30 September 2014, the Group's costs of sales increased to approximately HK\$201.9 million from approximately HK\$84.0 million for the nine months ended 30 September 2013, representing an increase of approximately 140.4%. The increase was mainly attributed to increase in the quantity sold.

Gross profit and margin

During the nine months ended 30 September 2014, the Group's gross profit increased to approximately HK\$84.2 million from approximately HK\$32.9 million for the nine months ended 30 September 2013, representing an increase of approximately 155.9% and the Group's gross profit margin increased to approximately 29.4% from approximately 28.2% for the nine months ended 30 September 2013. The increase in gross profit was mainly due to increase in quantity sold and improvement in gross profit margin. The improvement in gross profit margin was mainly due to increase in unit selling price, decrease in material cost and higher efficiency of the new production line.

Distribution expenses

During the nine months ended 30 September 2014, the Group's distribution expenses increased to approximately HK\$25.3 million from approximately HK\$10.2 million for the nine months ended 30 September 2013, representing an increase of approximately 148.1%. The increase was mainly due to increase in transportation cost which is in line with the increase in quantity and sales volume of particleboards.

Administrative expenses

During the nine months ended 30 September 2014, the Group's administrative expenses increased to approximately HK\$20.4 million from approximately HK\$10.4 million for the nine months ended 30 September 2013, representing an increase of approximately 96.5%. The increase was mainly attributed to increase in staff salaries, staff benefits and other overheads as a result of increase in number of staff and related costs to support the new production line.

Finance costs

During the nine months ended 30 September 2014, the Group's finance costs increased to approximately HK\$17.9 million from approximately HK\$3.4 million for the nine months ended 30 September 2013, representing an increase of approximately 4.3 times. The increase was mainly attributed to increase in the level of working capital required to cope with the new production line, and that certain finance costs in relation to the new production line were capitalised for the nine months ended 30 September 2013 while there was no such capitalisation for the nine months ended 30 September 2014.

Profit attributable to owners of the Company

During the nine months ended 30 September 2014, the Group's profit attributable to owners of the Company increased to approximately HK\$19.0 million from approximately HK\$7.2 million for the nine months ended 30 September 2013, representing an increase of approximately 1.6 times. The increase was mainly attributable to the revenue generated from the new production line.

SHARE OPTION SCHEME

Prior to the Listing, the Company had conditionally adopted a share option scheme (the "Share Option Scheme") on 19 December 2013 which became unconditional and effective upon the Listing. The purpose of the Share Option Scheme is to enable the Group to grant options to eligible participants as incentives or awards for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any entity which the Group holds any equity interest. The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is conditionally adopted.

The Board may, at its discretion, invite any executive, non-executive or independent non-executive Directors or any employees (whether full-time or part-time) of the Company, or any of its subsidiary or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group to take up the Options. The basis of eligibility of any of the class of the participants to the grant of any option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any entity which the Group holds any equity interest.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Placing, unless the Company obtains a fresh approval from the Shareholders.

The maximum entitlement for any one eligible participant is that the total number of the Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

As at 30 September 2014, no option has been granted under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed herein, at no time during the nine months ended 30 September 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the Listing Date and up to 30 September 2014, neither the Company nor its subsidiary have purchased, sold or redeemed any securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules from the Listing Date and up to 30 September 2014 except otherwise stated herein.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the code provision A.2.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board is of the view that although Mr. Wong Cheung Lok is the chairman and the chief executive officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wong Cheung Lok and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Except as disclosed in the Prospectus, since listing and up to 30 September 2014, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

COMPLIANCE WITH NON-COMPETITION DEED

Mr. Wong Cheung Lok, our Controlling Shareholder (the "Covenanter") entered into a deed of non-competition (the "Non-competition Deed") in favour of our Company, pursuant to which the Covenanter has undertaken to our Company that he would not, and that his associates (except any member of our Group) would not, during the restricted period set out therein, directly or indirectly, either on his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with our existing core business.

Details of the undertaking has been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

THE INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 September 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571. Laws of Hong Kong) (the "SFO") which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

Long position in the Shares

Name	Capacity/Nature of interest	Aggregate number of Shares or underlying Shares <i>(Note 1)</i>	Approximate percentage of interest in our Company
Mr. Wong Cheung Lok	Beneficial owner	500,000,100 (L)	70.31%
Ms. Cheung Ngar Kwan ("Mrs. Wong") ⁽²⁾	Interest of spouse	500,000,100 (L)	70.31%

Notes:

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) Mrs. Wong is the spouse of Mr. Wong. Under the SFO, Mrs. Wong is deemed to be interested in the same number of Shares in which Mr. Wong is interested.

Mr. Ong Chor Wei, one of our Directors, is also a director of Singapore listed company, Net Pacific Financial Holdings Limited, which is in turn held 57.07% by Full Join Holdings Limited. Based on the annual report of Net Pacific Financial Holdings Limited dated 10 April 2014, Mr. Ong Chor Wei is deemed interested in the shares held by Full Join Holdings Limited by virtue of him owing 100% of the shareholding interest in Head Quator Limited which owns 50% of the shareholding interest of Quad Sky Limited, which in turn owns 17.9% of the shareholding interest of Full Join Holdings Limited. Mr. Ong Chor Wei also owns 50% of the shareholding interest in Net Pacific International Limited which in turn owns 2.1% of the shareholding in Full Join Holdings Limited. Net Pacific Financial Holdings Limited wholly owns Net Pacific Finance Group Limited.

Net Pacific Finance Group Limited has subscribed for 28 class A shares in Golden Win. Holders of class A shares in Net Pacific Finance Group Limited do not have voting rights at general meetings of Golden Win but all shareholders of Golden Win share the profits and risks of our Company according to their respective contribution to the issued share capital of Golden Win. As Net Pacific Finance Group Limited contributed RMB7 million out of the total share capital contribution received by Golden Win of RMB12.5 million, Net Pacific Finance Group Limited holds 56% of the economic interest in Golden Win. However, Net Pacific Finance Group Limited does not hold any voting rights in Golden Win and accordingly, Net Pacific Finance Group Limited is not the controlling shareholder of Golden Win. As at 30 September 2014, Golden Win held approximately 4.69% shareholding interest in the Company.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 September 2014, the following persons had an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are, directly or indirectly, interested in 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 of our subsidiary:

Name	Capacity/Nature of interest	Aggregate number of Shares or underlying Shares (Note 1)	Approximate percentage of interest in our Company
Mr. Wong Cheung Lok	Beneficial owner	500,000,100 (L)	70.31%
Mrs. Wong ⁽²⁾	Interest of spouse	500,000,100 (L)	70.31%

Notes:

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) Mrs. Wong is the spouse of Mr. Wong. Under the SFO, Mrs. Wong is deemed to be interested in the same number of Shares in which Mr. Wong is interested.

Save as disclosed herein, our Directors are not aware of any other person who, as at 30 September 2014, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 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 members of our Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Baron Global Financial Services Limited (“Baron”), as at 30 September 2014, except for the compliance adviser agreement entered into between the Company and Baron dated 23 December 2013, neither Baron or its directors, employees or associates had any interest in relation to the Group.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors 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 with the Directors, all the Directors confirmed that they have complied with the required standard of dealings concerning securities transactions by the directors since the Listing Date and up to 30 September 2014.

DIRECTORS’ INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or its subsidiary was a party since the Listing Date and up to 30 September 2014.

ISSUANCE OF WARRANTS AND SUBSEQUENT TERMINATION

On 24 September 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to act as sole placing agent to place, on a best effort basis, up to 70,200,000 Warrants to independent Placees at the issue price of HK\$0.05 per Warrant. Each Warrant to be issued at the Issue Price entitles the holder thereof to subscribe for one Share at the initial exercise price of HK\$0.47 per Share but subject to standard adjustment clauses in the Warrant Instrument at any time during the exercise period of one year from the issue date of the Warrants. The Warrant Shares will be allotted and issued under the General Mandate.

On 8 October 2014 (after trading hours), the Company and the Placing Agent mutually agreed to terminate the Placing Agreement due to the recent uncertainty in the local financial market and entered into a termination agreement. Accordingly, the Placing did not proceed. The Directors considered that the termination would not cause any material adverse impact on the financial position and business operation of the Company.

Unless stated otherwise, capitalised terms used in the two previous paragraphs shall have the same meaning as those defined in the Company's announcements dated 24 September 2014 and 8 October 2014 respectively ("Announcements"). For further details, please refer to the Announcements.

USE OF NET PROCEEDS FROM THE PLACING

The net proceeds from the Company's Placing amounted to approximately HK\$54 million. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Prospects" in the Prospectus.

Up to 30 September 2014, the net proceeds had been applied as follows:

1. Approximately HK\$30 million has been applied for partially repaying a RMB32 million bank loan provided from Agricultural Bank of China.
2. Approximately HK\$3.0 million has been applied for the expanding our product range.
3. Approximately HK\$1.7 million has been applied for strengthening and expanding of our sales network across the PRC.
4. Approximately HK\$1.0 million has been applied for expanding our supplier base for the supply of Residual Wood.
5. Approximately HK\$2.8 million has been applied for enhancing of our product research and development.
6. Approximately HK\$1.3 million has been applied for strengthening our brand recognition.
7. Approximately HK\$5.0 million has been applied for general working capital purpose.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules since the Listing Date and up to 30 September 2014.

AUDIT COMMITTEE

The audit committee of the Board of the Company has reviewed and discussed with the management of the Group the unaudited consolidated results of the Group for the nine months ended 30 September 2014.

QUARTERLY DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2014 (2013: Nil).

By order of the Board
Hong Wei (Asia) Holdings Company Limited
Wong Cheung Lok
Chairman

Hong Kong, 10 November 2014

As at the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngai Kwan, Ms. Huang Xiuyan and Mr. Liu Jiayong; the non-executive Director is Mr. Ong Chor Wei; and the independent non-executive Directors are Dr. Xu Jianmin, Ms. Qian Xiaoyu and Mr. Wong Hei Chiu.

This announcement will remain on the GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.hongweiasia.com.