HAO WEN HOLDINGS LIMITED
皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8019)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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 Hao Wen Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

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

(2) there are no other matters the omission of which would make any statement herein or in this announcement misleading.

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2012 was approximately RMB78,212,000 representing an increase of approximately 90% as compared with that of the previous year.

- Profit attributable to owners of the Company for the year ended 31 December 2012 was approximately RMB17,606,000.

- Earnings per share was approximately RMB0.96 cents.

- The Directors do not recommend the payment of a final dividend for the year.

RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012, together with the comparative audited figures for the year ended 31 December 2011, as follows:

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Notes	**2012** **RMB'000**	2011 RMB'000 (restated)
Turnover	*3*	**78,212**	41,165
Cost of sales		**(70,440)**	(35,847)
Gross profit		**7,772**	5,318
Other gains and losses	*5*	**4,026**	(1,827)
Selling and distribution expenses		**(4)**	(829)
General and administrative expenses		**(27,517)**	(31,196)
Impairment loss on intangible assets		**(2,083)**	—
Loss from operations		**(17,806)**	(28,534)
Share of results of associates		**(9)**	(801)
Gain on disposal of subsidiaries		**—**	1,156
Finance costs	*6(a)*	**(12,143)**	(7,051)
Loss before taxation	*6*	**(29,958)**	(35,230)
Income tax expenses	7	**(1,068)**	—
Loss for the year from continuing operations		**(31,026)**	(35,230)
Discontinued operation			
Profit/(loss) for the year from discontinued operation		**48,632**	(12,313)
Profit/(loss) for the year		**17,606**	(47,543)
Other comprehensive income/(loss), net of income tax			
Exchange differences on translating foreign operations		**77**	(1,322)
Total comprehensive income/(loss) for the year		**17,683**	(48,865)
Profit/(loss) for the year attributable to owners of the Company		**17,606**	(47,543)
Total comprehensive income/(loss) for the year attributable to owners of the Company		**17,683**	(48,865)
Earnings/(loss) per share	*9*		
For continuing and discontinued operations			
Basic (cents)		**0.96**	(2.74)
Diluted (cents)		**0.96**	(2.74)
For continuing operations			
Basic (cents)		**(1.69)**	(2.03)
Diluted (cents)		**(1.69)**	(2.03)

Consolidated statement of financial position

At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Plant and equipments		**2,038**	51,346
Investment properties		**1,900**	1,670
Intangible assets		**98,517**	118,081
Goodwill		**6,821**	6,821
Interests in associates		**—**	9
Trade and other receivables	*10*	**2,038**	—
		111,314	177,927
Current assets			
Inventories		**—**	7,930
Trade and other receivables, prepayments and deposits	*10*	**11,311**	16,683
Financial assets at fair value through profit or loss		**—**	6,880
Cash and bank balances		**4,569**	12,010
		15,880	43,503
Current liabilities			
Trade and other payables	*11*	**8,192**	48,846
Bank and other borrowings		**—**	55,000
Convertible notes		**97,822**	—
Promissory notes		**23,932**	—
Tax payables		**977**	—
		130,923	103,846
Net current liabilities		**(115,043)**	(60,343)
Total assets less current liabilities		**(3,729)**	117,584
Non-current liabilities			
Deferred tax liabilities		**37**	—
Convertible notes		**—**	92,499
Promissory notes		**—**	22,746
		37	115,245
Net (liabilities)/assets		**(3,766)**	2,339
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**17,122**	17,122
Reserves	*13*	**(20,888)**	(14,783)
Total equity		**(3,766)**	2,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hao Wen Holdings Limited (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 are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20 July 2001. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the manufacture and sales of medicines, sale of biodegradable food containers and disposable industrial packaging for consumer products. During the year, the manufacture and sales of medicines business was discontinued.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(f) to the financial statements provides information on any changes in accounting policies resulting from initial application relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Going concern basis

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

— the Group had consolidated net current liabilities of approximately RMB115,043,000 and net liabilities RMB3,766,000 as at 31 December 2012; and

— the Group had convertible notes of approximately RMB97,822,000 and promissory notes of approximately RMB23,932,000 is due within the next twelve months after 31 December 2012.

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

(1) Financial supports

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

(2) Convention of convertible notes

Subsequent to 31 December 2012, the Group received a written confirmation dated 25 March 2013 from convertible note holder, Talent Keen Limited ("Talent Keen"), stated that Talent Keen intends to convert the convertible notes to ordinary share of the Company by the maturity date at 27 May 2013.

(3) Extension of the maturity date of promissory notes

The Group received a written confirmation dated 25 March 2013 from promissory notes holder, Talent Keen agreed to extend the maturity date on promissory notes from 27 May 2013 to 27 May 2015, bearing interest at 5% per annum.

In the opinion of the directors, in light of the various measures/arrangements implemented after the end of reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

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

(c) Application of New and Revised International Financial Reporting Standards

The Group has adopted the following revised IFRSs for the first time for the current year's consolidated financial statements.

IFRS 1 Amendments	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopter
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised IFRSs has had no significant financial effect on these consolidated financial statements.

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 9	Financial instruments[4]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interest in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[4]
Amendments to IFRS10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendment to IFRS 10, IFRS 12 and IAS 27	Investment Entities[3]
IAS 19 (as revised in 2011)	Employee Benefits[2]
IAS 27 (as revised in 2011)	Separate Financial Statements[2]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011[1]
IFRIC Int 20	Stripping Costs in the Production Phase of 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.

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

Key requirements of IFRS 9 are described as follows:

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designed as at fair value through profit or loss, IFRS 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk not subsequently reclassified to profit or loss. Previously, under IFRS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC — Int 12 Consolidation — Special Purpose Entities. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC — Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRS for the first time.

The directors do not anticipate that the amendments will significant effect on the Group's consolidated financial statements.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors do not anticipate that the amendments will significant effect on the Group's consolidated financial statements.

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosure being made with regards to offsetting financial assets and financial liabilities in the future.

The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The Annual Improvements to IFRSs 2009 — 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

The amendments to IAS 1 require an entity that changes accounting policies retrospectively, or make a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Group's consolidated financial statements.

The amendments to IAS 32 clarify that income tax on distribution to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The directors anticipate that the amendments to IAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

3. TURNOVER

Turnover represents the sales value of goods supplied to customers, which excludes value added tax and is stated after deduction of goods returns and trade discounts.

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Continuing operations:		
Sale of biodegradable products	**78,127**	40,336
Distribution of skin care products	**85**	829
	78,212	41,165
Discontinued operation:		
Sale of pharmaceutical products	**56,450**	80,541
Total	**134,662**	121,706

4. SEGMENT REPORTING

Information reported to the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or provided. The segmentations are based on the information about the operation of the Group that management uses to make decision and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The Group's reportable and operating segment under IFRS 8 are as follows:

(a) sale of biodegradable food containers and disposable industrial packaging for consumer products; and

(b) distribution of skin care products.

The Group's manufacturing and sale of pharmaceutical products operation was discontinued during the year ended 31 December 2012.

Segment revenues and results

	Continuing operations				Discontinued operation			
	Biodegradable products		Skin care products		Pharmaceutical products		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover								
External sales	**78,127**	40,336	**85**	829	**56,450**	80,541	**134,662**	121,706
Result								
Segment result	**(8,828)**	(12,718)	**(616)**	129	**48,632**	(9,350)	**39,188**	(21,939)
Unallocated corporate expenses							**(6,279)**	(11,048)
Impairment loss on intangible assets	**—**	—	**(2,083)**	—	**—**	—	**(2,083)**	—
Profit/(loss) from operations							**30,826**	(32,987)
Share of results of associates							**(9)**	(801)
Gain on disposal of subsidiaries							**—**	1,156
Finance costs							**(12,143)**	(14,660)
Profit/(loss) before taxation							**18,674**	(47,292)
Income tax expense							**(1,068)**	(251)
Profit/(loss) for the year							**17,606**	(47,543)

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 of the Company's 2012 annual report. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' emoluments, share of results of associates, gain on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Continuing operations				Discontinued operation			
	Biodegradable products		Skin care products		Pharmaceutical products		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets								
Segment assets	**104,992**	137,994	**—**	3,510	**—**	39,044	**104,992**	180,548
Unallocated corporate assets							**22,202**	40,882
							127,194	221,430
Liabilities								
Segment liabilities	**1,323**	5,482	**—**	—	**—**	82,892	**1,323**	88,374
Unallocated corporate liabilities							**129,637**	130,717
							130,960	219,091

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to operating segments other than interests in associates, investment properties, financial assets at fair value through profit or loss and other corporate assets.

All liabilities are allocated to operating segments other than convertible notes, promissory notes and corporate liabilities.

Other segment information

The following is an analysis of the Group's other segment information:

	Continuing operations				Discontinued operation					
	Biodegradable products		Skin care products		Pharmaceutical products		Unallocated		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Capital expenditure										
— intangibles assets	**—**	134,338	**—**	—	**—**	—	**—**	—	**—**	134,338
— others	**—**	—	**—**	—	**23,422**	42,114	**7**	1,285	**23,429**	43,399
Depreciation and amortisation	**16,420**	16,704	**694**	694	**3,014**	3,521	**926**	766	**21,054**	21,685
Impairment loss on intangible assets	**—**	—	**2,083**	—	**—**	—	**—**	—	**2,083**	—

The Group's revenue from its major products were disclose in note 3.

Geographical information

The Group operates in two principal geographical areas, the PRC (excluding Hong Kong) and Hong Kong. The Group's revenue from the external customers by location of operations and information about its non-current assets are detailed below.

	Revenue		Non-current assets	
	Year ended 31 December 2012	Year ended 31 December 2011	**At 31 December 2012**	At 31 December 2011
	RMB$'000	*RMB$'000* *(restated)*	***RMB$'000***	*RMB$'000*
The PRC	**—**	—	**4,859**	53,025
Hong Kong	**78,212**	41,165	**106,455**	124,902
	78,212	41,165	**111,314**	177,927

Information about major customers

Included in revenue arising from continuing operations biodegradable products of approximately RMB78,127,000 (2011: RMB40,336,000) of approximately RMB76,641,000 (2011: RMB30,776,000), which arose five (2011: three) single external customers.

Included in revenue arising from sale of discontinued operation pharmaceutical products of approximately RMB56,450,000 (2011: RMB80,541,000) of approximately RMB50,012,000 (2011: RMB30,776,000), which arose from one (2011: one) single external customers.

5. OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000* *(restated)*
Continuing operations:		
Sample income	**5**	22
Sundry income	**718**	276
Rental income	**36**	—
Distribution income	**3,735**	—
Fair value gain on investment properties	**230**	—
Fair value gain/(loss) of financial assets at fair value through profit or loss	**—**	1,803
Realised loss on financial assets at fair value through profit or loss	**(1,801)**	—
Fair value gain/(loss) on convertible notes	**1,103**	(3,928)
	4,026	(1,827)
Discontinued operation:		
Sample income	**267**	590
Sundry income	**7**	62
Total	**4,300**	(1,175)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

(a) Net finance costs/(income)

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Continuing operations:		
Interest on convertible notes	**9,662**	5,605
Interest on promissory notes	**2,482**	1,458
Bank interest income	**(1)**	(12)
	12,143	7,051
Discontinued operations:		
Interest on bank and other borrowings wholly repayable within five years	**7,411**	7,609
Net financial costs recognised in consolidated statement of comprehensive income	**19,554**	14,660

(b) Staff costs (including directors' emoluments)

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Continuing operations:		
Contributions to defined contribution plans	**59**	129
Salaries, wages and other benefits	**2,199**	2,446
	2,258	2,575
Discontinued operations:		
Contributions to defined contribution plans	**1,175**	1,494
Salaries, wages and other benefits	**6,345**	9,664
	7,520	11,158
Total staff costs	**9,778**	13,733

(c) Other items

	2012 RMB'000	2011 RMB'000 (restated)
Continuing operations:		
Amortisation of intangible assets	**17,114**	17,398
Depreciation	**926**	766
Operating lease charges in respect of property rentals:		
Minimum lease payments	**1,590**	1,910
Auditors' remuneration		
— audit services	**995**	995
Cost of inventories sold	**70,440**	35,847
Discontinued operation:		
Depreciation	**3,014**	3,521
Operating lease charges in respect of property rentals:		
Minimum lease payments	**1,500**	2,000
Advertising and promotion expenses	**31,011**	40,002
Cost of inventories sold	**17,649**	24,630

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations

Taxation in the consolidated statement of comprehensive income represents:

	2012 RMB'000	2011 RMB'000
Current tax		
Hong Kong	**91**	—
PRC Enterprise Income Tax	**886**	—
	977	—
Under provision in prior year		
Hong Kong	**54**	—
Deferred tax		
Charged to the consolidated statement of comprehensive income	**37**	—
	1,068	—

(i) Hong Kong profits tax

Hong Kong profit tax has been provided at the rate of 16.5% (2011: Nil) on the estimated assessable profit for the year ended 31 December 2012.

(ii) Income taxes outside Hong Kong

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

The subsidiary of the Group established in the PRC is generally subject to PRC enterprise income tax on its taxable income at an income tax rate of 25% in respect of the year ended 31 December 2012 (2011: 25%).

Discontinued operation

Taxation in the consolidated statement of comprehensive income represents:

	2012	2011
	RMB'000	*RMB'000*
Current tax		
PRC enterprise income tax for the year	—	251

(i) *Hong Kong profits tax*

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong during the years ended 31 December 2012 and 2011.

(ii) *Income taxes outside Hong Kong*

Pursuant to the rules and regulations of 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 BVI, respectively.

The subsidiary of the Group established in the PRC is generally subject to PRC enterprise income tax on its taxable income at an income tax rate of 25% in respect of the year ended 31 December 2012 (2011: 25%).

8. DIVIDEND

The board of directors do not recommend the payment of any dividend for the year ended 31 December 2012 (2011: Nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

For continuing and discontinued operations

The calculation of basic earnings/(loss) per share is based on the profit for the year attributable to owners of the Company of approximately RMB17,606,000 (2011: loss for the year approximately RMB47,543,000) and weighted average number of approximately 1,832,091,000 (2011: approximately 1,737,570,000) ordinary share.

For continuing operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB31,026,000 (2011: approximately RMB35,230,000) and weighted average number of approximately 1,832,091,000 (2011: approximately 1,737,570,000) ordinary share.

For discontinued operation

Basic earnings per share for discontinued operation is RMB2.65 cents (2011: loss RMB0.7 cents). The calculation of basic earnings/(loss) per share is based on the earning/(loss) for the year attributable to owners of the Company of approximately RMB48,632,000 (2011: loss for the year approximately RMB12,313,000) and weighted average number of approximately 1,832,091,000 (2011: approximately 1,737,570,000) ordinary share.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the years ended 31 December 2012 and 2011 were same as the basic earnings/(loss) per share. The Company's outstanding share options were not included in the calculation of diluted earnings/(loss) per share because the effects of the Company's outstanding share option were anti-dilutive.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

Included in trade and other receivables, prepayments and deposits are trade debtors with the following ageing analysis as of the end of the reporting period:

	2012	2011
	RMB'000	*RMB'000*
0 to 30 days	**3,283**	5,436
31 to 60 days	**440**	854
61 to 90 days	**2**	234
91 to 180 days	**73**	—
181 to 365 days	**—**	—
Over 365 days	**—**	62,419
	3,798	68,943
Less: allowance for doubtful debts	**—**	(62,419)
	3,798	6,524

Customers are generally granted with credit term of 90 days.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	2012	2011
	RMB'000	*RMB'000*
0 to 30 days	**856**	1,028
31 to 60 days	**—**	155
61 to 90 days	**—**	136
91 to 180 days	**—**	46
181 to 365 days	**—**	—
Over 365 days	**—**	1,966
	856	3,331

The average credit period on purchases of goods is 30 days.

12. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figure have been restated to confirm with current year presentation.

13. SHARE CAPITAL AND RESERVES

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Capital reduction reserve *RMB'000*	Share-based compensation reserve *RMB'000*	General fund reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2011	14,607	61,210	7,195	92,489	20,103	9,025	(1,464)	(165,346)	37,819
Loss for the year	—	—	—	—	—	—	—	(47,543)	(47,543)
Other comprehensive loss for the year									
Exchange differences on translating foreign operations	—	—	—	—	—	—	(1,322)	—	(1,322)
Total comprehensive loss for the year	—	—	—	—	—	—	(1,322)	(47,543)	(48,865)
Issue of share upon placing, net of transaction costs	2,515	10,870	—	—	—	—	—	—	13,385
At 31 December 2011	17,122	72,080	7,195	92,489	20,103	9,025	(2,786)	(212,889)	2,339
At 1 January 2012	**17,122**	**72,080**	**7,195**	**92,489**	**20,103**	**9,025**	**(2,786)**	**(212,889)**	**2,339**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**17,606**	**17,606**
Other comprehensive income for the year									
Exchange differences on translating foreign operations	**—**	**—**	**—**	**—**	**—**	**—**	**77**	**—**	**77**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**77**	**17,606**	**17,683**
Release upon disposal of subsidiaries	**—**	**—**	**(7,195)**	**—**	**—**	**(9,025)**	**(7,568)**	**—**	**(23,788)**
At 31 December 2012	**17,122**	**72,080**	**—**	**92,489**	**20,103**	**—**	**(10,277)**	**(195,283)**	**(3,766)**

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual audited financial statements for the year ended 31 December 2012:

Opinion

"In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated financial statements which indicates that the Group's consolidated current liabilities exceeded its consolidated current assets by approximately RMB115,043,000 and consolidated total liabilities exceeded its consolidated total assets by approximately RMB3,766,000. These conditions, along with other matters as set forth in note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

During the year under review, the Group discontinued the production and sales of the medicines known as "Plasmin Capsule" and "Puli Capsule" in Mainland China and continued to engage in trading of biodegradable containers in Hong Kong.

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.

Financial review

During the year under review, the Group recorded an audited consolidated turnover of approximately RMB78,212,000 (2011: RMB41,165,000), which represented an increase of approximately 90% as compared with that of 2011. The increase in turnover was mainly due to the discontinuation of the production and sales of the medicines known as "Plasmin Capsule" and "Puli Capsule" in Mainland China, the Group focuses on its business in trading of brodegradeble so as to improve the business performance, which represented approximately 99% of the consolidated turnover of the Group for the financial year 2012.

The Group's audited consolidated profit for the year was approximately RMB17,606,000 (2011: RMB47,543,000). The increase in profit was mainly due to the gain on disposal of subsidiaries of RMB66,344,000.

The selling and distribution expenses decreased by 99% to RMB4 as compared to last year. It was mainly due to the decreased in advertising and promotion expenses.

The general and administrative expenses decreased by 12% to RMB27,517,000 as compared to last year. It was mainly due to the stricter control on the Group's office expenses.

Net finance expenses increased by 72% to RMB12,143,000 (2011: RMB7,051,000) It was mainly due to the increase in interest on convertible notes and interest on promissory notes.

After the discontinuation of the production and sale of the medicines known as "Plasmin Capsule" and "Puli Capsule" in Mainland China, the Group mainly focuses on the trading of biodegradable containers in Hong Kong.

The Group recorded approximately RMB78,127,000 (2011: RMB40,366,000) from the sales of biodegradable containers and industrial packaging products representing approximately 99% of the consolidated turnover of the Group during the year. Also, the Group recorded approximately RMB85,000 (2011: RMB829,000) from the distribution income of cosmetics exclusive rights representing 1% of the consolidated turnover of the Group.

Furthermore, the Company will review regularly and closely monitor the market trend of the industry and the performance of our biodegradable products.

The Directors believed that the above-mentioned measures will improve the market share of the Group's products and thus the returns to shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations through internally-generated cash flows. As at 31 December 2012, the balance of cash and cash equivalents amounted to approximately RMB4,569,000 (2011: RMB12,010,000). With the limited available resources and due to the fair operating results during the year, the Directors expected that the Group might depend on further financing from its shareholders and bankers to finance its business operations and to achieve its business objectives.

Total bank and other borrowings of the Group as at 31 December 2012 are approximately RMBNil (2011: RMB55,000,000) comprising of secured and unsecured other borrowings.

The Group's gearing ratio as at 31 December 2012 is 103% (2011: 99%), which is calculated by dividing total liabilities of RMB130,869,000 over total assets of the Group of RMB127,194,000.

As at 31 December 2012, the net current liabilities of the Group is RMB115,043,000 (2011: net current liabilities of RMB60,343,000) and the current ratio of the Group was approximately 0.1 times (2011: 0.4 times).

CAPITAL RAISING

The Company had no capital raising activity during the year.

CHARGES ON GROUP ASSETS

At 31 December 2012 and 2011, none of the assets of the Group has been pledged to secure any loan granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs cost in Hong Kong dollars and its convertible notes and promissory notes are denominated in Hong Kong dollars. The Directors consider that the impact of foreign exchange exposure of the Group is minimal.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Material acquisition 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. The gain on disposal of subsidiaries recorded was approximately RMB66,344,000.

Profit Guarantee

On 14 December 2009, the Company entered into an agreement with Wu Ching Por, an independent party to acquire 100% issued share capital of Jin Hao Limited ("Jin Hao") for an aggregate consideration of HK$9,000,000. Jin Hao is an investment holdings company and its subsidiaries are mainly involved in Health Spa Business in China. The transaction was completed on 5 February 2010 and the profit guarantee was met on 30 September 2012. Guaranteed Profit of not be less than HK$2,000,000 was generated during the period from 1 October 2010 to 30 September 2012.

On 14 December 2009, the Company entered into an agreement with Cosmetics Holdings Limited, an independent party to acquire 100% issued share capital of Merry Sky Holdings Limited ("Merry Sky") for an aggregate consideration of HK$10,000,000. Merry Sky is involved in distribution of cosmetic and personal care products. The transaction was completed on 8 February 2010 and the profit guarantee was met on 7 February 2012. Guaranteed distribution fee of not be less than HK$2,000,000 was generated during the period from 8 February 2010 to 7 February 2012.

On 24 December 2010, Premium Stars Investments Limited ("PS"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Talent Keen Limited ("TK") and TK's guarantor, Mr. Choy Kai Chung Andy, pursuant to which PS conditionally agreed to acquire from TK the entire share capital of Smart Courage Limited at a total consideration of HK$180,000,000. The transaction was completed on 27 May 2011 and the profit guarantee was met on 30 September 2012. Reference Profit of HK$12,000,000 was generated during the period from 1 October 2011 to 30 September 2012. Expenses, costs, management fee and other expenditures allocated from the Company and amortisations or impairments determined by the company are excluded from the calculation of Reference Profit.

MAJOR EVENTS AFTER YEAR ENDED

Material acquisition and disposals

On 22 February 2013, Lucky River Limited, a subsidiary of the Company (the "Vendor"), entered into a Sale and Purchase Agreement (the "Agreement") with San Cheng Song Investment Company Limited, an independent third party (the "Purchaser"), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Company's entire interest in 珠海奥美斯美容有限公司 ("Zhuhai Aomeisi Beauty Treatment Company Limited"), a wholly owned subsidiary of the Company, for a total consideration of HK$8,500,000. The completion of the transaction took place on 19 March 2013.

SIGNIFICANT INVESTMENTS

Save as disclosed above, the Group had no significant investments during the year.

CAPITAL STRUCTURE

There has been no charge in the capital structure of the Company during the year.

CONVERTIBLE NOTES

On 27 May 2011, upon completion of acquisition of Smart Courage Limited, the Company issued convertible notes with a principal amount of HK$120,000,000 (equivalent to approximately RMB100,000,000). Details of the convertible notes are set out to in note 27 to the accompanying consolidated financial statements.

EMPLOYEE INFORMATION

Currently, the Group has about 20 full-time employees (2011: 130 full-time employees) working in Hong Kong and in Mainland China. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The staff costs, including directors' emoluments, were approximately RMB9,778,000 for the year under review (2011: RMB13,733,000).

CONTINGENT LIABILITIES

As at 31 December 2012, the Group had no contingent liabilities (2011: Nil).

BUSINESS OUTLOOK AND PROSPECTS

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.

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 December 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 in 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 31 December 2012, none of the Directors or Chief Executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

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

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

Notes:

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

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

Save as disclosed above, as at 31 December 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 31 December 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.

* being the weighted average closing price of the company's ordinary shares immediately before the dates on which the options were granted or exercised, as applicable.

Information on the accounting policy for share options granted and the weighted average value per option is provided in Notes 3 and 31 to the financial statements respectively.

Apart from the foregoing, at no time during the year 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.

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

As at 31 December 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

Up to the date of this report, none of the Directors or the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) of the Company has an interest in any business which directly or indirectly competes with the business of the Group, or has any other conflict of interests with the Group.

Audit committee

The Company established an audit committee in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee include the review and supervision of the financial reporting process and the internal monitoring system of the Group. The audit committee has three members comprising Mr. Lam Kai Tai, Mr. Wong Ting Kon and Ms. Yeung Mo Sheung, Ann, the three Independent Non-executive Directors. The audit committee met 4 times during the year. The Group's revised audited consolidated results for the year 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 year, 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 announcement, the Stock Exchange has allowed the resumption of trading in the shares of the Company subject to an announcement disclosing:

(i) findings of the investigation by KL CPA Limited; and address the issues raised by KLC;

(ii) audit committee's assessment on the adequacy of the Company's actions taken to address the audit qualifications by the former auditors.

Resumption of trading in the shares of the Company is expected 27 March 2013.

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 year.

Code of conduct regarding directors' securities transactions

For the year 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 year 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.

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

Hong Kong, 25 March 2013

As at the date of this announcement, 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 announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at http://www.tricor.com.hk/ webservice/008019.