HAO WEN HOLDINGS LIMITED
皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8019)
(Formerly known as "Everpride Biopharmaceutical Company Limited")

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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, formerly known as Everpride Biopharmaceutical Company 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 in this announcement misleading; and

(3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2009 was approximately RMB83,468,000, representing an increase of approximately 5% as compared with that of the previous year.

- Loss attributable to equity shareholders for the year ended 31 December 2009 was approximately RMB32,057,000.

- Loss per share was approximately RMB4.35 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 2009, together with the comparative audited figures for the year ended 31 December 2008, as follows:

	Note	**2009** *RMB'000*	2008 *RMB'000*
Turnover	3	**83,468**	79,226
Cost of sales		**(24,133)**	(17,492)
Gross profit		**59,335**	61,734
Other operating (loss)/income	4	**(2,784)**	5,008
Selling and distribution expenses		**(36,504)**	(46,672)
General and administrative expenses		**(38,439)**	(36,502)
Loss from operations		**(18,392)**	(16,432)
Net finance (costs)/income	5(a)	**(10,911)**	1,409
Loss before taxation	5	**(29,303)**	(15,023)
Income tax	7	**(2,754)**	(4,028)
Loss attributable to equity shareholders of the Company		**(32,057)**	(19,051)
Other comprehensive loss for the year			
Exchange differences on translation into presentation currency, net of nil tax		**(24)**	(1,030)
Total comprehensive loss for the year attributable to equity shareholders of the Company		**(32,081)**	(20,081)
Loss per share – Basic and diluted	8	**RMB(4.35) cents**	RMB(2.65) cents

Consolidated statement of financial position

At 31 December 2009

	Note	**2009**	2008
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Fixed assets			
– Leasehold properties		**94,930**	42,111
– Plant and equipment		**12,635**	29,536
		107,565	71,647
Current assets			
Inventories		**5,241**	7,470
Trade and other receivables	10	**9,726**	8,481
Cash and cash equivalents		**18,640**	1,631
		33,607	17,582
Current liabilities			
Trade and other payables	11	**(80,769)**	(69,477)
Loans and borrowings		**(47,545)**	(12,500)
Current taxation		**(3,955)**	(1,455)
		(132,269)	(83,432)
Net current liabilities		**(98,662)**	(65,850)
Total assets less current liabilities		**8,903**	5,797
NET ASSETS		**8,903**	5,797
CAPITAL AND RESERVES	12		
Share capital		**92,623**	75,438
Reserves		**(83,720)**	(69,641)
TOTAL EQUITY		**8,903**	5,797

Notes:

1. CORPORATION INFORMATION

Hao Wen Holdings Limited (formerly known as Everpride Biopharmaceutical Company 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 have been 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 consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is engaged in the manufacture and sales of medicines.

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(c) 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.

The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting period (see Note 2(d)).

(b) Going concern

The Group incurred a loss attributable to the equity shareholders of the Company of RMB32,057,000 for the year ended 31 December 2009. In addition, the Group had net current liabilities of RMB98,662,000 as at 31 December 2009. Nevertheless, the directors of the Company have adopted the going concern basis in the preparation of these consolidated financial statements based on the following:

– The directors of the Company are in ongoing negotiations with the Group's lenders to reschedule the repayment of loans and borrowings due from the Group and to seek the ongoing support to the Group from these lenders and new lenders.

– The directors of the Company are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, a private placement, an open offer or a rights issue of new shares of the Company.

– The directors of the Company continue to take action to tighten cost controls over factory overheads and various general and administrative expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In addition, the Group underwent the following activities in current year to improve its cash flows:

– In August 2009, the Company raised approximately RMB204,000 after direct expenses by issuing 144,000,000 warrants at a price of HK$0.003 per warrant which were used to provide working capital for the Group's operation, and in December 2009, the warrant-holder exercised 44,000,000 warrants at a price of HK$0.104 per share which raised approximately RMB4,033,000 to provide additional working capital to the Group.

– In November 2009, the Company raised approximately RMB18,899,000 after direct expenses by issuing 144,000,000 new ordinary shares of HK$0.10 each in the Company at a subscription price of HK$0.159 per ordinary share which were used to provide funds for future development of the Group when investment opportunities arise and working capital.

– In November and December 2009, 7,000,000 share options were exercised at a price of HK$0.211 per share which raised approximately RMB1,302,000 to provide additional funding to the Group.

– Subsequent to the end of the reporting period on 5 March 2010, the Company entered into the four conditional subscription agreements with the four independent third parties (the "Four Subscribers"). Pursuant to the subscription agreements, the Company agreed to allot and issue, and the Four Subscribers agreed to subscribe for an aggregate of 196,181,818 new ordinary shares of HK$0.10 each in the Company at a subscription price of HK$0.168 per ordinary share.

– On 30 March 2010, the condition of the subscription stated in the two subscription agreements has been fulfilled, and the subscription of an aggregate of 49,591,809 new ordinary shares of HK$0.10 each in the Company at a subscription price of HK$0.168 per ordinary share was completed in accordance with their respective terms and conditions. The net proceeds of approximately HK$8 million (approximately equivalent to RMB7 million), net of shares issuance expenses, was raised for the general corporate and working capital requirements of the Group and as funds for future development of the Company when investment opportunities arise. On the same date, the two supplemental agreements were entered into between the Company and the another two subscribers respectively in relation to the extension of the completion date of each of their conditional subscription agreements. Under these supplemental agreements, the completion date of each of these two conditional subscription agreements is extended to a day on or before 30 June 2010. Save as the aforesaid, the other terms of these two conditional subscription agreements remain valid and continue to be in full force and effect.

In the opinion of the directors of the Company, in light of the measures taken to date, together with expected results of other measures in progress, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated 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 restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

(c) Changes in accounting policies

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8 "Operating Segments"
- IAS 1 (revised) "Presentation of Financial Statements"
- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Improving disclosures about financial instruments
- Improvements to IFRSs (2008)
- Amendments to IAS 27 "Consolidated and Separate Financial Statements" – cost of an investment in a subsidiary, jointly controlled entity or associate
- IAS 23 (revised) "Borrowing Costs"
- Amendments to IFRS 2 "Share-Based Payment" – vesting conditions and cancellations

The improvements to IFRSs (2008) and amendments to IFRS 2 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements.

(i) IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of IFRS 8 has resulted in the presentation of the Group's segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management.

The Group operated in a single business segment, which was the manufacture and sale of medicines in Mainland China. Accordingly, no segmental analysis is presented.

(ii) As a result of the adoption of IAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in these financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(iii) The amendments to IAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Group's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

(iv) In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 (Revised) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on the Group's financial statements.

(d) New standards and interpretations not yet adopted

Up to the date of issue of these financial statements, the IASB has issued the following amendments, new standards and Interpretations which are not yet effective for the accounting year ended 31 December 2009 and which have not been applied in preparing these consolidated financial statements.

	Effective for accounting periods beginning on or after
IFRS 3 (Revised) "Business Combinations"	1 July 2009
Amendments to IAS 27 "Consolidated and Separate Financial Statements"	1 July 2009
Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – *Eligible hedged items*	1 July 2009
IFRIC 17 "Distributions of Non-Cash Assets to Owners"	1 July 2009
Improvements to IFRSs 2009	1 July 2009 or 1 January 2010

	Effective for accounting periods beginning on or after
Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – *Additional exemptions for First-time Adopters*	1 January 2010
Amendments to IFRS 2 "Share-based Payment" – *Group cash-settled share-based payment transactions*	1 January 2010
Amendments to IAS 32 "Financial Instruments – Presentation" – *Classification of rights issue*	1 February 2010
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010
Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – *Limited exemption from comparative IFRS 7 disclosures for first-time disclosures*	1 July 2010
IAS 24 (Revised) "Related Party Disclosures"	1 January 2011
Amendments to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – *Prepayments of a minimum funding requirement*	1 January 2011
IFRS 9 "Financial Instruments"	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's and the Company's results of operations and financial positions.

3. TURNOVER

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

4. OTHER OPERATING (LOSS)/INCOME

An analysis of turnover and other operating (loss)/income in the consolidated income statement is as follows:

	2009	2008
	RMB'000	*RMB'000*
Sample income	**173**	54
(Impairment loss)/reversal of impairment loss on trade receivables	**(1,046)**	5,851
Write-off of other receivables	**(705)**	(397)
Reversal of write-down of inventories	**–**	500
Loss on disposal of fixed assets	**(1,207)**	(1,054)
Sundry income	**1**	54
	(2,784)	5,008

5. LOSS BEFORE TAXATION

Loss from ordinary activities before taxation is arrived at after charging/(crediting):

		2009	2008
		RMB'000	*RMB'000*
(a)	**Net finance costs/(income):**		
	Interest on bank advances and other borrowings wholly repayable within five years	**10,915**	339
	Net foreign exchange gain	**–**	(1,746)
	Interest income from banks	**(4)**	(2)
	Net financial costs/(income) recognised in profit and loss	**10,911**	(1,409)
(b)	**Staff costs:**		
	Contributions to defined contribution plans	**1,070**	1,275
	Equity-settled share-based payment expenses	**2,986**	–
	Salaries, wages and other benefits	**11,005**	10,867
	Total staff costs	**15,061**	12,142
(c)	**Other items:**		
	Amortisation of land lease premium	**276**	252
	Depreciation of property, plant and equipment	**4,185**	3,986
	Research and development costs	**487**	12,151
	Operating lease charges in respect of property rentals: minimum lease payments	**737**	780
	Advertising and promotion expenses	**23,863**	41,405
	Auditors' remuneration – audit services	**670**	553
	Cost of inventories sold	**24,133**	17,492
	Equity-settled share-based payment expenses#	**10,749**	–

Equity-settled share-based payment expenses include RMB2,986,000 relating to staff costs, which amount is also included in the total staff costs disclosed separately in note 5(b).

6. SEGMENT REPORTING

Throughout the year, the Group has been operating in a single business segment, i.e. the manufacture and sales of medicines in Mainland China. Accordingly, no segmental analysis is presented.

7. INCOME TAX

Income tax in the consolidated income statement represents:

	2009	2008
	RMB'000	*RMB'000*
Current		
Provision for the PRC enterprise income tax for the year	**2,754**	4,028

(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 2009 and 2008.

(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 2009 (2008: 25%).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB32,057,000 (2008: RMB19,051,000) and the weighted average of 736,996,000 (2008: 720,000,000) ordinary shares in issue during the year, calculated as follows:

	2009	2008
	'000	*'000*
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**720,000**	720,000
Effect of shares issued pursuant to share subscription	**14,992**	–
Effect of warrants exercised	**1,370**	–
Effect of share options exercised	**634**	–
Weighted average number of ordinary shares at 31 December	**736,996**	720,000

(b) Diluted loss per share

Diluted loss per share for the year ended 31 December 2009 was the same as basic loss per share because the effects of the Company's outstanding warrants and share options were ant-dilutive for this year.

Diluted loss per share for the year ended 31 December 2009 was the same as basic loss per share as the Company does not have dilutive potential ordinary shares for this year.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the year (2008: Nil).

10. TRADE AND OTHER RECEIVABLES

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

	2009	2008
	RMB'000	*RMB'000*
0 to 30 days	**145**	507
31 to 60 days	**15**	128
61 to 90 days	**357**	160
91 to 180 days	**1,392**	278
181 to 365 days	**259**	658
Over 365 days	**59,914**	63,062
	62,082	64,793
Less: allowance for doubtful debts	**(58,070)**	(60,512)
	4,012	4,281

The Group generally requires its customer to pay a deposit shortly before delivery of goods, with the remaining balances of the sales with credit periods ranging from 90 to 180 days.

11. TRADE AND OTHER PAYABLES

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

	2009	2008
	RMB'000	*RMB'000*
0 to 30 days	**2,442**	1,128
31 to 60 days	**149**	303
61 to 90 days	**16**	133
91 to 180 days	**49**	1
181 to 365 days	**29**	70
Over 365 days	**1,788**	1,625
	4,473	3,260

12. CAPITAL AND RESERVES

Movements in the reserves of the Group were follows:

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Warrants reserve RMB'000	Share-based compensation reserve RMB'000	General reserve fund RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2008	75,438	10,058	7,195	–	–	9,025	366	(76,204)	25,878
Changes in equity for 2008:									
Loss for the year	–	–	–	–	–	–	–	(19,051)	(19,051)
Other comprehensive income for the year: Exchange differences on translation into presentation currency	–	–	–	–	–	–	(1,030)	–	(1,030)
Total comprehensive income for the year	–	–	–	–	–	–	(1,030)	(19,051)	(20,081)
Balance at 31 December 2008	75,438	10,058	7,195	–	–	9,025	(664)	(95,255)	5,797
Balance at 1 January 2009	75,438	10,058	7,195	–	–	9,025	(664)	(95,255)	5,797
Change in equity 2009:									
Loss for the year	–	–	–	–	–	–	–	(32,057)	(32,057)
Other comprehensive income for the year: Exchange differences on translation into presentation currency	–	–	–	–	–	–	(24)	–	(24)
Total comprehensive income for the year	–	–	–	–	–	–	(24)	(32,057)	(32,081)
Issue of warrants, net of warrant issuance expenses	–	–	–	204	–	–	–	–	204
Shares issued upon the exercise of warrants	3,878	217	–	(62)	–	–	–	–	4,033
Shares issued pursuant to share subscription, net of share issuance expenses	12,690	6,209	–	–	–	–	–	–	18,899
Share issued under share option scheme	617	1,730	–	–	(1,045)	–	–	–	1,302
Equity settled share-based transaction	–	–	–	–	10,749	–	–	–	10,749
Balance at 31 December 2009	92,623	18,214	7,195	142	9,704	9,025	(688)	(127,312)	8,903

EXTRACT OF AUDITORS' REPORT

The auditors added an Emphasis of Matter paragraph in their auditors' report in respect of the consolidated financial statements for the year ended 31 December 2009 as follows:

EMPHASIS OF MATTER

Without qualifying our opinion, the auditors draw attention to note 2(b) above which indicates that the Group incurred a net loss of approximately RMB32,057,000 during the year ended 31 December 2009 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB98,662,000. These conditions, along with other matters as set forth in Note 2(b) above, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operation Review

During the year under review, the Group continued to engage in the production and sales of the medicines known as "Plasmin Capsule'' and "Puli Capsule'' in Mainland China.

"Plasmin Capsule'' is classified as a "State Class 2 Protected Product of Chinese Medicine'' and is entitled to an administrative protection period of seven years commencing from 19 December 2006 and expiring on 29 September 2013. During the administrative protection period, the prescription and the production technology used by the Group in producing "Plasmin Capsule'' is protected and no other manufacturers in Mainland China may produce or replicate these products in Mainland China.

According to the clinical studies conducted by medical institutions in Mainland China, "Plasmin Capsule'' has the principal effect of resolving blood clots and is used for treatment of cardiovascular and cerebrovascular diseases, while "Puli Capsule'' has the principal effect of treating osteoarthritis. Both products are manufactured in the Group's production complex in Taigu County, Shanxi Province, that had been merited with the Good Manufacturing Practices ("GMP'') certificate on 28 February 2003.

Financial Review

During the year under review, the Group recorded an audited consolidated turnover of approximately RMB83,468,000 (2008: RMB79,226,000), which represented an increase of approximately 5% as compared with that of 2008. The increase in turnover was mainly due to the increase in sales of "Puli Capsule", which represented approximately 93% of the consolidated turnover of the Group for the financial year 2009. The underlining factor for such increase was that Glucosamine, the major ingredient of "Puli Capsule", had been included in the State Basic Medical Insurance and Labour Insurance Drug Catalogue. This stimulates the sales of "Puli Capsule" because all purchase of

"Puli Capsule" can be claimed under insurance fund. In addition, the public awareness and acceptance had been therefore enhanced and this resulted in the increase of the Group's turnover.

The Group's audited consolidated loss attributable to shareholders for the year was approximately RMB32,057,000 (2008: RMB19,051,000) mainly due to an increase in finance expenses of RMB10,576,000.

The selling and distribution expenses were reduced by 22% to RMB36,504,000 as compared to last year. It was mainly due to the decrease in advertising and promotion expenses.

The administrative expenses was increased by 5% to RMB38,439,000 as compared to last year. It was mainly due to the increase in staff costs.

Net finance expenses of approximately RMB10,911,000 were mainly arisen from interest charges on bank and other borrowings repayable within five years.

During the year, the Group has only two medicines under production and sales: one is "Plasmin Capsule" which is classified as a prescription medicine and its sales is limited to hospitals of which is a relatively weak market for the Group; the other is "Puli Capsule'' which is classified as an over-the-counter ("OTC'') medicine which has been the major source of revenue for the Group in Mainland China.

The sales of "Puli Capsule'' was approximately RMB77,624,000 (2008: RMB73,696,000), representing approximately 93% of the consolidated turnover of the Group during the year. The Group recorded approximately RMB5,844,000 (2008: RMB5,530,000) from the sales of "Plasmin Capsule" representing approximately 7% of the consolidated turnover of the Group during the year.

In order to improve the sales of "Plasmin Capsule'', the Group will continue to focus more on developing the prescription medicine market through doctors in hospitals. Besides, the Group will put more efforts in mass media advertising to further promote the sales of "Puli Capsule'' through the OTC medicine market.

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

The Staphylokinese Project

Staphylokinese is a genetically-engineered medicine, which is the third generation thrombotic medicine. The clinical application sample and its other related materials were submitted to the State Drug Administration of the People's Republic of China ("SDA") in 2002 for clinical trial approval. Up to the date of this announcement, such approval has not yet been granted and the application is still in progress. As soon as the clinical trials are completed and approved, the Group will make application for Certificate of New Medicine in respect of Staphylokinese. The noticeably long application process has been attributable to the continuous detailed queries on additional information by the SDA.

Introduction of "Plasmin Tablet"

The Group is now developing an alternative to "Plasmin Capsule" of which is known as "Plasmin Tablet". The prescription and the principal effect of "Plasmin Tablet" are the same as those of "Plasmin Capsule" but with the advantages of avoiding breakage and from being humidified, thus with a higher product stability. The waiver for clinical research of "Plasmin Tablet" was obtained from the SDA on 14 January 2005 and the application for production is expected to be completed by the end of May 2010.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the balance of cash and cash equivalents amounted to approximately RMB18,640,000 (2008: RMB1,631,000). During the year, the Group has carried out two funds raising exercises through of subscription warrants and subscription of new shares, net proceeds from these funds raising activities amount to approximately HK$21,226,000. These capital resources provide a substantial support for the Group to business diversification and general working capital of the Company.

Total borrowings of the Group as at 31 December 2009 are approximately RMB47,545,000 (2008: RMB12,500,000) comprising of secured and unsecured other borrowings. The other borrowings are denominated in Renminbi and the interest rates of which were fixed.

The group's gearing ratio as at 31 December 2009 is 94% (2008: 94%), which is calculated by dividing total liabilities of RMB132,269,000 over total assets of the Group of RMB141,172,000.

As at 31 December 2009, the net current liabilities of the Group is RMB98,662,000 (2008: RMB65,850,000) and the current ratio of the Group was approximately 0.25 times (2008: 0.21 times).

CAPITAL RAISING

On 4 August 2009, the Company entered into a warrant subscription agreement with the subscriber in relation to the subscription of 144,000,000 warrants at the issue price of HK$0.003 per warrant, the immediate fund of approximately HK$432,000 is used as general working capital of the Company. The initial exercise price is HK$0.104 per warrant, for a total of 144,000,000 exercisable share, representing 20% of the issued shares capital of the Company as at 30 September 2009. Up to 31 December 2009, 44,000,000 warrants were exercised by the subscriber.

There are 144,000,000 new shares placed on 10 November 2009 at HK$0.159 per share. These new shares represent approximately 16.67% of the then existing issued share capital of the Company. The net proceeds is approximately HK$21,445,000 and the raising fund is for general corporate and working capital requirements of the Group and as funds for future development of the Company when investment opportunities arise.

CHARGES ON GROUP ASSETS

At 31 December 2009, leasehold properties and exclusive rights to produce and sell the products of "Puli Capsule" of approximately RMB94,925,000 have been pledged to independent third parties to secure a number of loans granted to the Group (2008: RMB4,884,000).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs cost in Renminbi and its borrowings are denominated in Renminbi. The Directors consider that the impact of foreign exchange exposure of the Group is minimal.

SIGNIFICANT INVESTMENTS

The Group had no significant investments during the year.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Material acquisitions and disposals

The Group had no material acquisitions or disposals during the year under review.

MAJOR EVENTS SUBSEQUENT TO THE YEAR

Acquisition of subsidiaries

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 has been completed on 5 February 2010.

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 has been completed on 8 February 2010.

On 15 March 2010, Good Wisdom Holdings Limited ("Good Wisdom"), a direct wholly-owned subsidiary of the Company entered into a joint venture agreement with Beijing Haofeng Yangguang Investment and Consultancy Limited Liability Company (北京昊豐陽光投資諮詢有限公司) and Beijing Huoyi Nianhua Media Technology Limited Liability Company (北京火意年華媒體技術有限公司) to establish a joint venture company in Beijing. The Joint venture company will be principally engaged in the provision of develop, invest in, operate and manage media resources. The registered capital of the joint venture company will be approximately RMB17,000,000 which will be contributed as to 29.41% by Good Wisdom. The transaction has not been completed as of the report date. Details of which are set out in the Company's announcement dated 16 March 2010.

Sources of funding

In March 2010, the Company successfully raised aggregate net funds approximately of HK$8,000,000 by allotted and issued the new shares to subscribers. The subscribers are third parties independent of the Group. The transaction has further strengthened the Company's financial position to fund its further expansion, general corporate and working capital requirements of the Group.

Capital structure

On 20 January 2010, special resolutions were passed at an extraordinary general meeting of the Company to implement a capital reorganisation ("the Capital Reorganisation") which, in summary, involved the following:

(a) the nominal value of all the issued Existing Shares will be reduced from HK$0.10 each to HK$0.01 each by cancelling HK$0.09 paid up on each issued Existing Share by way of a reduction of capital;

(b) the credit arising from such reduction of capital will be transferred to the capital reduction reserve account of the Company;

(c) the unissued share capital of the Company together with all the credit arising from the Capital Reduction shall be and is hereby cancelled and diminished (the "Capital Cancellation and Diminution"); and

(d) after the Capital Cancellation and Diminution, the authorized share capital of the Company be hereby increased to HK$200,000,000 by creation of additional New Shares of HK$0.01 each (the "Capital Increase").

Further details of Capital Reorganisation are set out in the Company's circular dated 24 December 2009.

The Issued Capital Reduction and the Authorised Capital Reduction (collectively referred to as the "Capital Reduction") are subject to the Court's approval, and the Capital Reduction will become effective after the Court's approval and registration of the order of the Court confirming the reduction of the issued share capital of the Company and the minutes approved by the Court at the Registrar of Companies in the Cayman Islands. Up to the date of the issue of these financial statements, the Capital Reduction has not yet been completed.

EMPLOYEE INFORMATION

Currently, the Group has about 130 full-time (2008: 110 full-time employees) 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 RMB15,061,000 for the year under review (2008: RMB12,142,000).

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no contingent liabilities (2008: Nil).

BUSINESS OUTLOOK AND PROSPECTS

The Directors still anticipate that fierce competition in the pharmaceutical industry in Mainland China will continue to strongly affect adversely the future earnings and prospects of the Group.

In order to improve the market share of the Group's products, the Group will continue to engage in research work on both new products development and quality enhancements on existing products. The Directors believe that the introduction of "Plasmin Tablet" will help the Group in developing the prescription medicine market which in turn will enhance the recognition of the Group and its products. Together with Staphylokinese Project if once approved and introduced into the market, the income base of the Group will be broadened and the turnover and operating results will be improved.

Going forward, the Board will make every effort to improve the operation results of the Group and continue to look for other pharmaceutical manufacturers for possible synergetic alliances through means including but not limited to merger and acquisition, so as to strengthen the profitability and minimise the performance risk of the Group. The newly acquired health SPA and exclusive skin-care products rights, operating licences and distribution rights will consolidate and combine with their organic growth. Together they will generate revenues and returns to the Group and its shareholders.

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 2009, 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 1)*	Approximate percentage of interest
Mr. Hu Yangxiong ("Mr. Hu")	Interest of controlled corporation	193,975,000 (L) *(Note 2)*	21.20%

Notes:

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

2. These shares are beneficially owned by Montgomery Properties Holding Limited. By virtue of his 100% shareholding in Montgomery Properties Holding Limited, Mr. Chung is deemed or taken to be interested in the 193,975,000 shares owned by Montgomery Properties Holding Limited.

Save as disclosed above, as at 31 December 2008, 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 2008, 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 of Director	**Capacity/ Nature of interest**	**No. of shares** *(Note 1)*	**Approximate percentage of interest**
Mr. Hu *(Note 2)*	Interest of controlled corporation	193,975,000 (L)	21.20%
Montgomery Properties Holding Limited	Beneficial owner	193,975,000 (L)	21.20%

Notes:

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

2. Mr. Hu is deemed or taken to be interested in these shares which are beneficially owned by his wholly owned company, namely Montgomery Properties Holding Limited for the purpose of the SFO.

Save as disclosed above, as at 31 December 2009, 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.

Directors' and Chief Executives' rights to acquire shares or debt securities

As at 31 December 2009, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Competing interest

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in any business which directly or indirectly competes with the business of 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 are to review and supervise the financial reporting process and the internal monitoring system of the Group. The audit committee has four members comprising Mr. Leung Siu Kuen (who is acting as the chairman of the audit committee), Mr. Fu Wing Kwok, Ewing and Mr. Lam Chung Fai, the three Independent Non-executive Directors and Mr. Zhao Borui, the Executive Director. The audit committee met four times during the year. The Group's 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.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

Subject to the deviations as disclosed hereof, the Company has complied with all the code provisions set out in Appendix 15 of the Code on Corporate Governance Practices (the "CG Code") to the GEM Listing Rules during the year under review.

Chairman and Chief Executive Officer

At April 2010, the Company appointed Mr. Tong Ching Yue, Oliver as the "Chief Executive Officer" (the "CEO") of the Company. Mr. Chung Chi Mang ("Mr. Chung") continued as the Chairman of the Board, is also responsible for the operation of production plant in Taigu County, Shanxi Province.

Resumption of Trading of Shares of the Company

At the request of the Company, trading in the shares has been suspended with effect from 9:30 a.m. on 1 April 2010 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares with effect from 9:30 a.m. on 21 April 2010.

By Order of the Board
Hao Wen Holdings Limited
Chung Chi Mang
Chairman

Hong Kong, 20 April 2010

As at the date of this announcement, Mr. Chung Chi Mang, Mr. Hu Yangxiong and Mr. Zhao Borui are the executive directors of the Company and Mr. Fu Wing Kwok, Ewing, Mr. Lam Chung Fai and Mr. Leung Siu Kuen the independent non-executive directors of the Company.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.