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 2013

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 2013 was approximately RMB56,351,000 representing a decrease of approximately 27.9% as compared with that of the previous year.

- Loss attributable to owners of the Company for the year ended 31 December 2013 was approximately RMB118,501,000.

- Loss per share was approximately RMB19.60 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 2013, together with the comparative audited figures for the year ended 31 December 2012, as follows:

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2013

	Note	**2013** **RMB'000**	2012 *RMB'000* (Restated)
Turnover	*3*	**56,351**	78,127
Cost of sales		**(53,433)**	(70,440)
Gross profit		**2,918**	7,687
Other gains and loss	*5*	**5,852**	4,026
Selling and distribution expenses		**–**	(4)
General and administrative expenses		**(57,596)**	(26,816)
Impairment loss on intangible assets		**(59,798)**	–
Loss from operations		**(108,624)**	(15,107)
Share of results of associates		**–**	(9)
Loss on disposal of subsidiaries		**(3,025)**	–
Finance costs	*6 (a)*	**(6,552)**	(12,143)
Loss before taxation	*6*	**(118,201)**	(27,259)
Income tax expense	*7*	**(374)**	(1,068)
Loss for the year from continuing operation		**(118,575)**	(28,327)
Discontinued operations			
Profit for the year from discontinued operations		**74**	45,933
(Loss)/profit for the year		**(118,501)**	17,606
Other comprehensive (loss)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**(1,065)**	77
Total comprehensive (loss)/income for the year		**(119,566)**	17,683
(Loss)/profit for the year attributable to owners of the Company		**(118,501)**	17,606
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(119,566)**	17,683
(Loss)/earnings per share	*9*		
For continuing and discontinued operations			
– Basic (cents)		**(19.60)**	4.59
– Diluted (cents)		**(19.60)**	4.59
For continuing operation			
– Basic (cents)		**(19.62)**	(7.39)
– Diluted (cents)		**(19.62)**	(7.39)

Consolidated statement of financial position
At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Plant and equipments		**1,263**	2,038
Investment properties		**–**	1,900
Intangible assets		**19,600**	98,517
Goodwill		**–**	6,821
Trade and other receivables	*10*	**–**	2,038
		20,863	111,314
Current assets			
Trade and other receivables, prepayments and deposits	*10*	**22,811**	11,311
Cash and bank balances		**9,024**	4,569
		31,835	15,880
Current liabilities			
Trade and other payables	*11*	**5,352**	8,192
Convertible notes		**–**	97,822
Promissory notes		**–**	23,932
Tax payables		**88**	977
		5,440	130,923
Net current assets/(liabilities)		**26,395**	(115,043)
Total assets less current liabilities		**47,258**	(3,729)
Non-current liabilities			
Deferred tax liabilities		**–**	37
Net assets/(liabilities)		**47,258**	(3,766)
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**146,820**	17,122
Reserves	*13*	**(99,562)**	(20,888)
Total equity		**47,258**	(3,766)

NOTE TO 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 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 addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the sale of biodegradable food containers and disposable industrial packaging for consumer products. During the year ended 31 December 2012, the manufacture and sales of medicines business was discontinued and disposed. During the year ended 31 December 2013, the skin care business was discontinued and disposed.

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 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.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its operating subsidiary in the People's Republic of China (the "PRC") are Hong Kong dollars and Renminbi ("RMB") respectively. For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency. All financial information presented in RMB has been rounded to the nearest thousand.

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

The following new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB have been applied by the Group in the current year and have affected the amounts reported in these consolidated financial statements. The application of these new and revised IFRSs has had no material impact on the Group's financial performance and positions for the current and prior years, but may affect the accounting for future transactions or arrangement.

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

IFRS 1 (Amendments)	Government Loan
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IFRSs (Amendments)	Annual Improvements to IFRSs 2009-2011 Cycle

Except for the amendments to IAS 1, the application of these new IFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy on adoption of the amendments to IAS 1 is described below.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012.

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 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[3]
IFRS 9, IFRS 7 and IAS 39 (Amendments)	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39[3]
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities[1]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
IAS 36	Recoverable Amount and Disclosures for Non-Financial Assets[1]
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
IAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
IFRSs (Amendments)	Annual Improvements to IFRSs 2010-2012 Cycle[2]
IFRSs (Amendments)	Annual Improvements to IFRSs 2011-2013 Cycle[2]
IFRS 14	Regulatory Deferral Accounts[4]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 No mandatory effective date yet determined but is available for adoption.

4 Effective for annual periods beginning on or after 1 January 2016.

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.

Amendments to IFRS 7 and IAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures

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 IFRS 7 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 disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to IAS 36 – Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to IAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to IAS 36 when IFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to IAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

The directors anticipate that the application of these amendments to IAS 36 will have no material impact on the Group's financial performance and positions.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities

The investment entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under IFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of IFRS 10.

The directors anticipate that the application of these amendments to IFRS 10, IFRS 12 and IFRS 27 (2011) will have no material impact on the Group's financial performance and positions.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in IFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The directors anticipate that the application of these amendments to IAS 39 will have no material impact on the Group's financial performance and positions.

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.

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operation:		
Sale of biodegradable products	**56,351**	78,127
Discontinued operations:		
Distribution of skin care products	**–**	85
Sale of pharmaceutical products	**–**	56,450
	–	56,535
Total	**56,351**	134,662

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 HKFRS 8 are as follows:

The Group currently operates in one operating segment which is the sale of biodegradable food containers and disposable industrial packaging for consumer products.

The Group's manufacturing and sale of pharmaceutical products operation was disposed during the year ended 31 December 2012 and the distribution of skin care products operation was disposed during the year ended 31 December 2013.

Segment revenues and results

	Continuing operation		Discontinued operations					
	Biodegradable products		Skin care products		Pharmaceutical products		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
				(Restated)				(Restated)
Turnover								
External sales	**56,351**	78,127	**–**	85	**–**	56,450	**56,351**	134,662
Result								
Segment result	**(13,463)**	(8,828)	**74**	(2,699)	**–**	48,632	**(13,389)**	37,105
Unallocated corporate expenses							**(35,363)**	(6,279)
Impairment loss on intangible assets	**(59,798)**	–	**–**	–	**–**	–	**(59,798)**	–
(Loss)/profit from operations							**(108,550)**	30,826
Loss on disposal of subsidiaries							**(3,025)**	–
Share of results of associates							**–**	(9)
Finance costs							**(6,552)**	(12,143)
(Loss)/profit before taxation							**(118,127)**	18,674
Income tax expense							**(374)**	(1,068)
(Loss)/profit for the year							**(118,501)**	17,606

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sale in the current year (2012: 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 2013 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, loss 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 operations					
	Biodegradable products		Skin care products		Pharmaceutical products		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets								
Segment assets	**33,404**	104,992	**–**	–	**–**	–	**33,404**	104,992
Unallocated corporate assets							**19,294**	22,202
							52,698	127,194
Liabilities								
Segment liabilities	**2,024**	1,323	**–**	–	**–**	–	**2,024**	1,323
Unallocated corporate liabilities							**3,416**	129,637
							5,440	130,960

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

All assets are allocated to operating segments other than goodwill, investment properties 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 operation		Discontinued operations							
	Biodegradable products		Skin care products		Pharmaceutical products		Unallocated		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Capital expenditure	**1,309**	–	**–**	–	**–**	23,422	**–**	7	**1,309**	23,429
Depreciation and amortisation	**16,120**	16,420	**–**	694	**–**	3,014	**698**	926	**16,818**	21,054
Impairment loss on intangible assets	**59,798**	–	**–**	2,083	**–**	–	**–**	–	**59,798**	2,083
Impairment loss on other receivables	**–**	–	**–**	–	**–**	–	**373**	–	**373**	–
Written off of plant and equipments	**–**	–	**–**	–	**–**	–	**253**	–	**253**	–

The Group's revenue from its major products were disclosed 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 continuing operation 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 2013	Year ended 31 December 2012	**At 31 December 2013**	At 31 December 2012
	RMB'000	*RMB'000* (restated)	***RMB'000***	*RMB'000*
The PRC	**42,835**	–	**–**	4,859
Hong Kong	**13,516**	78,127	**20,863**	106,455
	56,351	78,127	**20,863**	111,314

Information about major customers

Included in revenue arising from continuing operation, biodegradable products, of approximately RMB56,351,000 (2012: RMB78,127,000) of approximately RMB42,835,000 (2012: RMB76,641,000), which arose two (2012: five) single external customers.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2013	2012
	RMB'000	*RMB'000*
Customer A *(Note)*	**–**	19,666
Customer B *(Note)*	**–**	16,591
Customer C *(Note)*	**–**	16,537
Customer D *(Note)*	**–**	14,553
Customer E *(Note)*	**–**	9,294
Customer F	**36,473**	–
Customer G	**6,362**	–

Note: No information on revenue for the current year is disclosed for these customers since none of them contributed 10% or more to the Group's revenue for the year ended 31 December 2013.

During the year ended 31 December 2012, included in revenue arising from sale of discontinued operation, pharmaceutical products of approximately RMB56,450,000 of approximately RMB50,012,000, which arose from one single external customer.

5. OTHER GAINS AND LOSS

	2013	2012
	RMB'000	*RMB'000*
Continuing operation:		
Sample income	**–**	5
Sundry income	**492**	718
Rental income	**–**	36
Distribution income	**1,771**	3,735
Fair value gain on investment properties	**–**	230
Realised loss on financial assets at fair value through profit or loss	**–**	(1,801)
Fair value gain on convertible notes	**2,115**	1,103
Gain on extension of promissory notes	**1,474**	–
	5,852	4,026
Discontinued operations:		
Sample income	**–**	267
Sundry income	**–**	7
Total	**5,852**	4,300

6. LOSS BEFORE TAXATION

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

		2013	2012
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Continuing operation:		
	Interest on convertible notes	**3,472**	9,662
	Interest on promissory notes	**2,035**	2,482
	Interest on other borrowings	**1,045**	–
	Bank interest income	**–**	(1)
		6,552	12,143
	Discontinued operations:		
	Interest on bank and other borrowings wholly repayable within five years	**–**	7,411
	Net finance costs recognised in consolidated statement of profit or loss and other comprehensive income	**6,552**	19,554
(b)	**Staff costs (including directors' emoluments)**		
	Continuing operation:		
	Contributions to defined contribution plans	**58**	59
	Salaries, wages and other benefits	**31,123**	2,199
		31,181	2,258
	Discontinued operations:		
	Contributions to defined contribution plans	**–**	1,175
	Salaries, wages and other benefits	**–**	6,345
		–	7,520
	Total staff costs	**31,181**	9,778

(c) Other items

	2013 *RMB'000*	2012 *RMB'000* (Restated)
Continuing operation:		
Amortisation of intangible assets	**16,089**	16,420
Depreciation	**729**	926
Operating lease charges in respect of property rentals:		
Minimum lease payments	**1,327**	1,590
Auditors' remuneration – audit services	**995**	995
Cost of inventories sold	**53,433**	70,440
Impairment loss on intangible assets	**59,798**	–
Share-based payments	**28,923**	–
Written off of plant and equipments	**253**	–
Impairment loss on other receivable	**373**	–
Fair value loss on investment properties	**200**	–
Loss on early repayment of promissory notes	**1,407**	–
Discontinued operations:		
Amortisation of intangible assets	**–**	694
Depreciation	**–**	3,014
Operating lease charges in respect of property rentals:		
Minimum lease payments	**–**	1,500
Advertising and promotion expenses	**–**	31,011
Cost of inventories sold	**–**	17,649
Impairment loss on intangible assets	**–**	2,083

7. INCOME TAX EXPENSE

Continuing operation

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013 *RMB'000*	2012 *RMB'000*
Current tax		
Hong Kong	**–**	91
PRC Enterprise Income Tax	**411**	886
	411	977
Under provision in prior year		
Hong Kong	**–**	54
Deferred tax		
(Credit)/charged to the consolidated statement of profit or loss and other comprehensive income	**(37)**	37
	374	1,068

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year ended 31 December 2013.

(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 2013 (2012: 25%).

Discontinued operations

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013	2012
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax for the year	**–**	–

(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 2013 and 2012.

(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 2013 (2012: 25%).

8. DIVIDENDS

The board of directors do not recommend the payment of any dividends for the year ended 31 December 2013 (2012: Nil).

9. LOSS PER SHARE

(a) Basic (loss)/earnings per share

For continuing and discontinued operations

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to owners of the Company of approximately RMB118,501,000 (2012: earnings for the year approximately RMB17,606,000) and weighted average number of approximately 604,486,000 (2012: approximately 383,217,000 (restated)) ordinary share in issue during the year after adjusting the effects of the share consolidation and open offer. The adjustments have been reflected retrospectively by restating the opening weighted average number of ordinary shares at 1 January 2012.

For continuing operation

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB118,575,000 (2012: approximately RMB28,327,000 (restated)) and weighted average number of approximately 604,486,000 (2012: approximately 383,217,000 (restated)) ordinary share in issue during the year after adjusting the effects of the share consolidation and open offer. The adjustments have been reflected retrospectively by restating the opening weighted average number of ordinary shares at 1 January 2012.

For discontinued operations

Basic earnings per share for discontinued operation is RMB0.01 cents (2012: RMB12 cents). The calculation of basic earnings per share is based on the earnings for the year attributable to owners of the Company of approximately RMB74,000 (2012: approximately RMB45,933,000 (restated)) and weighted average number of approximately 604,486,000 (2012: approximately 383,217,000 (restated)) ordinary share in issue during the year after adjusting the effects of the share consolidation and open offer. The adjustments have been reflected retrospectively by restating the opening weighted average number of ordinary shares at 1 January 2012.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the years ended 31 December 2013 and 2012 were same as the basic (loss)/earnings per share. The Company's outstanding share options were not included in the calculation of diluted (loss)/earnings 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:

	2013	2012
	RMB'000	*RMB'000*
0 to 30 days	**–**	3,283
31 to 60 days	**256**	440
61 to 90 days	**–**	2
91 to 180 days	**539**	73
181 to 365 days	**1,937**	–
Over 365 days	**2**	–
	2,734	3,798
Less: allowance for doubtful debts	**–**	–
	2,734	3,798

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:

	2013	2012
	RMB'000	*RMB'000*
0 to 30 days	**1,571**	856

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

12. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figure have been restated to conform with current year's presentation.

13. SHARE CAPITAL AND RESERVES

	Share Capital	Share premium	Capital reserve	Capital reduction reserve	Share-based compensation reserve	General fund reserve	Exchange reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 and 1 January 2013	**17,122**	**72,080**	**–**	**92,489**	**20,103**	**–**	**(10,277)**	**(195,283)**	**(3,766)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(118,501)**	**(118,501)**
Other comprehensive loss for the year									
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(1,065)**	**–**	**(1,065)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(1,065)**	**(118,501)**	**(119,566)**
Issue of shares upon conversion of convertible notes	**1,564**	**14,079**	**–**	**–**	**–**	**–**	**–**	**–**	**15,643**
Issue of shares upon open offer of shares	**128,134**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**128,134**
Transaction costs attributable to issue share of open offer	**–**	**(1,911)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,911)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**28,923**	**–**	**–**	**–**	**28,923**
Release upon lapse of share options	**–**	**–**	**–**	**–**	**(12,787)**	**–**	**–**	**12,787**	**–**
Release upon disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(199)**	**–**	**(199)**
At 31 December 2013	**146,820**	**84,248**	**–**	**92,489**	**36,239**	**–**	**(11,541)**	**(300,997)**	**47,258**

MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

During the year under review, the Group 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 RMB56,351,000 (2012: RMB78,127,000 (restated)), which represented an decrease of approximately 28% as compared with that of 2012. The decrease in turnover was due to significant increase production costs and subcontracting charges. Such increases have weakened the competitiveness of our products.

The Group's audited consolidated loss for the year was approximately RMB118,501,000 (2012: profit for the year was approximately RMB17,606,000). The decrease in profit was mainly due to the impairment loss of intangible assets of RMB59,798,000 and share-based payments of RMB28,923,000.

The general and administrative expenses increased by 115% to RMB57,596,000 as compared to last year. It was mainly due to the share-based payments of RMB28,923,000.

Net finance expenses decreased by 46% to RMB6,552,000 (2012: RMB12,143,000) It was mainly due to the decrease in interest on convertible notes and interest on promissory notes as the amounts were settled during the year.

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 RMB56,351,000 (2012: RMB78,127,000) from the sales of biodegradable containers and industrial packaging products representing 100% of the consolidated turnover of the Group during the year.

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 2013, the balance of cash and cash equivalents amounted to approximately RMB9,024,000 (2012: RMB4,569,000). 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 2013 are approximately RMBNil (2012: Nil) comprising of secured and unsecured other borrowings.

The Group's gearing ratio as at 31 December 2013 is 10% (2012: 103%), which is calculated by dividing total liabilities of RMB5,440,000 over total assets of the Group of RMB52,698,000.

As at 31 December 2013, the net current assets of the Group is RMB26,395,000 (2012: net current liabilities of RMB115,043,000) and the current ratio of the Group was approximately 5.9 times (2012: 0.1 times).

CAPITAL RAISING

The Company raised approximately HK$162 million (before expenses) by way of an open offer of 1,621,334,832 shares at a subscription price of HK$0.10 per share on the basis of eight shares for every one share held. The open offer was completed on 30 October 2013.

Save as disclosed above, the Company had no capital raising activity during the year.

CHARGES ON GROUP ASSETS

At 31 December 2013 and 2012, 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. The Directors consider that the impact of foreign exchange exposure of the Group is minimal.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Material acquisitions and disposals

On 22 February 2013, Lucky River Limited, a subsidiary of the Company (the "Vendor"), entered into a sale and purchase 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.

On 15 May 2013, the Company (the "Vendor") entered into a sale and purchase agreement with I-cloud Investments 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 Merry Sky Holdings Limited, a wholly owned subsidiary of the Company, for a total consideration of HK$2,200,000. The completion of the transaction took place on 15 June 2013.

On 27 June 2013, the Company (the "Vendor") entered into a sale and purchase agreement with Ng Oi Yee, 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 Jin Hao Limited, a wholly owned subsidiary of the Company, for a total consideration of HK$200,000. The completion of the transaction took place on 30 June 2013.

On 26 November 2013, the Company entered into a sale and purchase agreement with Keep Up Overseas Limited and Sonic Phoenix Limited, two independent third parties (the "Vendors"), pursuant to which the Company agreed to acquire and the Vendors agreed to sell the entire share capital in Double Win International Investments Limited for a total consideration of HK$130 million. The completion of the transaction took place on 3 January 2014.

MAJOR EVENTS AFTER YEAR ENDED

Material acquisitions and disposals

On 26 November 2013, the Company entered into a sale and purchase agreement with two independent third parties, pursuant to which the Company agreed to acquire the entire share capital of Double Win International Investments Limited at the consideration of HK$130 million. The transaction was completed on 3 January 2014. Upon Completion, the Company has issued the Convertible Notes to the vendors as part of the consideration for the acquisition and paid the balance of the consideration by way of cash.

Increase in authorised share capital

On 24 February 2014, the authorised share capital of the Company was increased from HK$200,000,000.00 to HK$1,000,000,000 by the creation of an additional 8,000,000,000 shares.

Convertible notes

On 3 January 2014, The Company has issued convertible notes in the principal amount of HK$116,480,000 with interest at a rate of 2% per annum. On 16 January 2014, the Company received notices from the noteholders for the request of conversion of the abovementioned convertible notes at the conversion price of HK$0.32 per conversion share. Accordingly, the Company issued 364,000,000 new shares to the noteholders and the conversion of convertible notes was completed on 10 March 2014.

SIGNIFICANT INVESTMENTS

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

CAPITAL STRUCTURE

The Company implemented a share consolidation on the basis that every ten issued and unissued existing shares with a par value of HK$0.01 each will be consolidated into one consolidated share with a par value of HK$0.1 each. The Board also changed the board lot size for trading of the existing shares and/or the consolidated shares from 5,000 existing shares to 20,000 consolidated shares subject to and after the share consolidation becoming effective. The share consolidation and change of the board lot size were effective on 18 September 2013.

Save as disclosed above, 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). On 5 April 2013, the Company received notices from the note-holders requesting for the conversion of the convertible notes in the principal amount of HK$4,457,764 and HK$15,000,000 respectively. The balance of the convertible notes together with accrued interest and the promissory notes together with accrued interest of approximately HK$103 million was settled from the proceeds from an open offer on 5 November 2013.

EMPLOYEE INFORMATION

Currently, the Group has about 20 full-time employees (2012: 20 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 RMB31,181,000 for the year under review (2012: RMB9,778,000).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no contingent liabilities (2012: 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 2013, none of the Directors or Chief Executives of the Company had any other 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.

Save as disclosed above, as at 31 December 2013, none of the Directors or Chief Executives of the Company had any other interests.

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 2013, the Directors, consultants, advisors and other service providers of the Company had the following interests in options to subscribe for shares of the Company granted for nil consideration under the share option scheme of the Company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK$0.1 of the Company.

Details of grantees	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Chow Yik *(Director)*	5,000,000	28 November 2013	29 November 2013 to 28 November 2017	HK$0.319
Leung King Fai *(Director)*	204,253	11 November 2009	11 November 2009 to 10 November 2019	HK$4.132
	5,000,000	28 November 2013	29 November 2013 to 28 November 2017	HK$0.319
Consultants, Advisers, Service Providers and Others	2,297,875	11 November 2009	11 November 2009 to 10 November 2019	HK$4.132
	169,800,000	28 November 2013	29 November 2013 to 28 November 2017	HK$0.319

The options granted to the directors are registered under the names of the directors who are also the beneficial owners.

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

As at 31 December 2013, Save as disclosed above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Substantial Shareholders

As at 31 December 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name	**Capacity/ Nature of interest**	**No. of shares** *(Note 1)*	**Approximate percentage of interest**
Mr. Cheng Kwok Chun	Beneficial owner	214,240,000 (L)	11.75%
Mr. Yip Chi Fai, Stevens *(Note 2)*	Interest of a controlled corporation	147,232,000 (L)	8.07%
Beckon Investments Limited	Beneficial owner	147,232,000 (L)	8.07%

Notes:

1. The Letter "L" – denotes a long position in shares.

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, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 31 December 2013.

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 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.

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.

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

Hong Kong, 21 March 2014

As at the date of this announcement, the executive Directors are Mr. Chow Yik, Mr. Lee Cheuk Yue, Ryan, Mr. Lok Wing Fu 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.