Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

HONG WEI (ASIA) HOLDINGS COMPANY LIMITED
鴻偉(亞洲)控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2014, operating results of the Group were as follows:

– Revenue for the year ended 31 December 2014 amounted to approximately HK$396.6 million, representing an increase of 106.2% from approximately HK$192.3 million recorded in 2013.

– Gross Profit for the year ended 31 December 2014 amounted to approximately HK$112.8 million, representing an increase of 101.4% from approximately HK$56.0 million recorded in 2013.

– Profit attributable to owners of the Company for the year ended 31 December 2014 amounted to approximately HK$26.2 million, representing an increase of 2.3 times from approximately HK$7.9 million recorded in 2013.

– The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

ANNUAL 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 financial year ended 31 December 2014 ("**Financial Year 2014**") together with the comparative audited figures for the financial year ended 31 December 2013 ("**Financial Year 2013**"). The Group's financial results have been audited by Deloitte Touche Tohmatsu.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*4*	**396,583**	192,328
Cost of sales		**(283,789)**	(136,333)
Gross profit		**112,794**	55,995
Other income		**2,818**	6,621
Other gains and losses		**1,603**	(321)
Distribution expenses		**(34,471)**	(16,543)
Administrative expenses		**(27,675)**	(15,657)
Other expenses		**(3,856)**	(14,786)
Finance costs	*6*	**(26,645)**	(6,996)
Profit before tax		**24,568**	8,313
Income tax credit/(expense)	*7*	**1,625**	(446)
Profit for the year attributable to owners of the Company	*8*	**26,193**	7,867
Other comprehensive (expense)/income which will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(1,985)**	2,970
Other comprehensive (expense)/income for the year		**(1,985)**	2,970
Total comprehensive income for the year		**24,208**	10,837
Total comprehensive income attributable to owners of the Company		**24,208**	10,837
Basic earnings per share, in HK cents	*9*	**3.70**	1.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**394,686**	415,515
Prepayment for acquisition of property, plant and equipment		**21,423**	21,837
Prepaid lease payments		**22,144**	22,697
Deferred tax assets		**7,500**	5,887
		445,753	465,936
CURRENT ASSETS			
Inventories	*10*	**80,189**	52,808
Trade and bills receivable	*11*	**118,075**	31,535
Prepayments and other receivables		**59,068**	37,997
Bank balances and cash		**8,531**	6,900
Pledged deposits		**3,803**	5,458
		269,666	134,698
CURRENT LIABILITIES			
Trade payables	*12*	**37,014**	35,754
Other payables		**48,448**	99,283
Tax payable		**2,698**	2,707
Borrowings	*13*	**178,427**	111,799
Deferred income		**688**	44
Puttable notes		**23,792**	–
		291,067	249,587
NET CURRENT LIABILITIES		**(21,401)**	(114,889)
TOTAL ASSETS LESS CURRENT LIABILITIES		**424,352**	351,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CAPITAL AND RESERVES			
Share capital	*14*	**189,015**	53,333
Share premium and reserves		**65,802**	113,852
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY		**254,817**	167,185
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**622**	624
Borrowings	*13*	**160,945**	182,621
Deferred income		**7,968**	617
		169,535	183,862
		424,352	351,047

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Statutory reserve *HK$'000*	Other reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
Balance at 1 January 2013	51,333	4,875	(17,460)	4,087	(6,208)	12,053	31,585	80,265
Profit for the year	–	–	–	–	–	–	7,867	7,867
Exchange differences arising on translation to presentation currency	–	–	–	–	–	2,970	–	2,970
Total comprehensive income for the year	–	–	–	–	–	2,970	7,867	10,837
Issue of redeemable ordinary shares to Golden Win Group Limited ("Golden Win")	2,000	7,383	–	–	(9,383)	–	–	–
Removal of Redemption Right of ordinary shares issued to Golden Win and payment of interest by a shareholder on behalf of the Company	–	–	492	–	15,591	–	–	16,083
Capitalisation of amount due to Mr. Wong Cheung Lok ("Mr. Wong")	–	60,000	–	–	–	–	–	60,000
Transfer to statutory reserve	–	–	–	2,327	–	–	(2,327)	–
Balance at 31 December 2013	53,333	72,258	(16,968)	6,414	–	15,023	37,125	167,185
Profit for the year	–	–	–	–	–	–	26,193	26,193
Exchange differences arising on translation to presentation currency	–	–	–	–	–	(1,985)	–	(1,985)
Total comprehensive income for the year	–	–	–	–	–	(1,985)	26,193	24,208
Issue of new shares	17,778	51,556	–	–	–	–	–	69,334
Share issue expenses	–	(5,910)	–	–	–	–	–	(5,910)
Transfer from share premium upon abolition of par value	117,904	(117,904)	–					
Transfer to statutory reserve	–	–	–	3,301	–	–	(3,301)	–
Balance at 31 December 2014	189,015	–	(16,968)	9,715	–	13,038	60,017	254,817

1. CORPORATE INFORMATION

Hong Wei (Asia) Holdings Company Limited (the "**Company**") was incorporated with limited liability in Hong Kong on 28 May 2012 under the name of Cheung Kin Holdings (Hong Kong) Company Limited. Its ultimate controlling party is Mr. Wong, who owned 70.31% direct interest of the Company as at 31 December 2014 and is also the chairman of the Company. The address of the Company's registered office and its principal place of business is Room 11, Block B, 2/F, Wah Tat Industrial Centre, 8-10 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. The principal activity of the Company is investment holding. Its significant subsidiary established in the People's Republic of China ("**PRC**") is principally engaged in manufacturing and selling of particleboard.

The functional currency of the Company is Renminbi ("**RMB**"), while these consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which the management of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") considered that it is more beneficial for the users of the consolidated financial statements, as the shares of the Company have been listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 8 January 2014.

2. BASIS OF PRESENTATION

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

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

The Group has applied the following amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

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

HK (IFRIC) – Int 21

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK (IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK (IFRIC) – Int 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The application of other amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2017*

[3] *Effective for annual periods beginning on or after 1 July 2014*

[4] *Effective for annual periods beginning on or after 1 January 2016*

[5] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

Except for HKFRS 15 and HKFRS 9, the directors of the Company do not anticipate that the application of the new and revised HKFRSs above will have a material effect on the Group's consolidated financial statements.

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

HKFRS 15 Revenue from Contracts with Customers

In 2014, HKFRS15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, the Standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as)the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement category for certain simple debt instruments.

Key requirement of HKFRS 9 in relation to the impairment of financial assets is:

- HKFRS 9 requires an expected credits loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the directors of the Company anticipate that the adoption of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2014.

4. REVENUE

Revenue represents revenue arising on sales of particleboards as follows:

	2014	2013
	HK$'000	*HK$'000*
Sales of particleboards	**396,583**	192,328

5. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, being the chief operating decision makers ("**CODM**"), in order to allocate resources to segments and to assess their performance. The CODM reviews the Group's revenue and profit before tax as a whole, which is generated solely from the manufacture and sale of particle board and is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore no segment information other than entity-wide disclosure is presented.

The Group's operation is located in the PRC and most of the revenue is generated from the PRC and other Asia countries as follows:

	Year ended 31/12/2014 ***HK$'000***	Year ended 31/12/2013 *HK$'000*
Revenue from PRC	**375,308**	192,328
Revenue from other Asia countries	**21,275**	–
	396,583	192,328

The Group's non-current assets are located in the PRC by location of assets.

Revenue from a customer arising from sales of particle board for the year individually contributing over 10% of the total sales of the Group is as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Customer A	**54,492**	N/A*

* *The corresponding revenue did not contribute over 10% of the total sales of the Group.*

6. FINANCE COSTS

	2014 ***HK$'000***	2013 *HK$'000*
Interest on bank loans		
– wholly repayable within five years	**25,325**	9,299
– not wholly repayable within five years	**–**	848
Interests on puttable notes	**1,320**	–
Interest on redeemable ordinary shares issued to Golden Win	**–**	492
Less: amounts capitalised in construction in progress	**–**	(3,643)
	26,645	6,996

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

7. Income Tax (Credit)/Expense

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**–**	2,667
Deferred tax:		
Current year	**(1,625)**	(2,221)
	(1,625)	446

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of Hongwei Wooden Products (Renhua) Company Limited ("**Hongwei (Renhua)**") is 25% during the years ended 31 December 2013 and 2014.

Pursuant to the EIT Law and its implementation regulations, where an enterprise utilises the resources as listed in the Catalogue of Resources for Comprehensive Utilisation Entitling Enterprises to Income Tax Preferences（資源綜合利用企業所得稅優惠目錄）as its major raw materials to make products which are not restricted or prohibited by the state and are consistent with the relevant state or industrial standards, only 90% of the income derived therefrom shall be accounted for as taxable income of the enterprise in that year (the "**Tax concessions**"). During the years ended 31 December 2014 and 2013, Hongwei (Renhua) is entitled to such preferential policy and only 90% of the income of Hongwei (Renhua) from the sale of particle board was regarded as taxable income.

The income tax expenses for the reporting periods can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit before tax	**24,568**	8,313
Tax at the statutory tax rate of 25%	**6,142**	2,078
Lower tax rates for specific districts	**464**	1,008
Tax effect of expenses not deductible for tax purpose	**1,684**	2,168
Effect of Tax concessions	**(9,915)**	(4,808)
Income tax	**(1,625)**	446
The Group's effective income tax rate	**(6.61)%**	5.37%

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**28,059**	7,059
Employee benefits expenses (include directors' emoluments)		
Salaries and other benefits	**13,797**	10,611
Contribution to retirement benefit schemes	**2,047**	1,749
Total employee benefit expenses	**15,844**	12,360
Release of prepaid lease payments	**473**	470
Cost of inventories recognised as an expense	**283,789**	136,333
Operating lease expenses	**164**	38
Auditor's remuneration	**1,532**	853
Listing expenses (included in other expenses)	**–**	14,059
Donation	**1,508**	524

9. EARNINGS PER SHARE

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

Earnings

	2014	2013
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**26,193**	7,867

Number of shares

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**707,219**	517,718

Note: There was no diluted earnings per share for both years as there has been no potential ordinary shares outstanding during the years presented.

10. INVENTORIES

	31/12/2014	31/12/2013
	HK$'000	*HK$'000*
Raw materials	**46,514**	29,756
Work in progress	**3,513**	3,598
Finished goods	**30,162**	19,454
Total	**80,189**	52,808

11. TRADE AND BILLS RECEIVABLES

	31/12/2014	31/12/2013
	HK$'000	*HK$'000*
Trade receivables	**86,607**	27,033
Bills receivables	**31,468**	4,502
	118,075	31,535
Allowance for doubtful debts	**–**	–
	118,075	31,535

Trade receivables are non-interest bearing and are generally on 30-90 days' credit terms. The following is an aged analysis of trade receivables presented based on the invoice date.

	31/12/2014	31/12/2013
	HK$'000	*HK$'000*
Within three months	**36,299**	27,033
Over three months but within six months	**21,279**	–
Over six months but within one year	**29,029**	–
Total	**86,607**	27,033

11. TRADE AND BILLS RECEIVABLE (Continued)

The maturity period of bills receivable are within 6 months from the date the Group received the notes as an extended period to the original credit term. The following is an aged analysis of bills receivables presented based on the maturity date.

	31/12/2014	31/12/2013
	HK$'000	*HK$'000*
Within three months	**19,429**	2,862
Over three months but within six months	**12,039**	1,640
Total	**31,468**	4,502

12. TRADE PAYABLES

		31/12/2014	31/12/2013
	Notes	***HK$'000***	*HK$'000*
Trade payables	*(i)*	**37,014**	35,754
		37,014	35,754

Notes:

(i) An aged analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	31/12/2014	31/12/2013
	HK$'000	*HK$'000*
Within 3 months	**29,118**	29,382
4 to 6 months	**2,171**	4,131
7 to 12 months	**263**	1,154
Over 1 year	**5,462**	1,087
	37,014	35,754

Trade payables are non-interest bearing and are normally settled on 30-90 days' term.

13. BORROWINGS

	Notes	31/12/2014 HK$'000	31/12/2013 HK$'000
Bank loans	*(i)(ii)*	**336,203**	294,420
Bank loans obtained in relation to discounted bills receivable		**3,169**	–
		339,372	294,420
Secured		**187,040**	192,796
Unsecured		**152,332**	101,624
		339,372	294,420
Carrying amount repayable			
Repayable within one year		**178,427**	111,799
More than one year, but not exceeding two years		**40,357**	36,320
More than two years, but not exceeding five years		**120,588**	126,500
More than five years		**–**	19,801
		339,372	294,420
Less: amount included in current liabilities		**(178,427)**	(111,799)
Non-current portion		**160,945**	182,621

Notes:

(i) Other than bank loans with an aggregate carrying amount of HK$64,505,000 (2013: HK$87,997,000) which bear fixed interest rate of 6.88% to 8.10% (2013: 6.00% to 6.90%) per annum as at 31 December 2014, other bank loans with an aggregate carrying amount of HK$271,698,000 (2013: HK$206,423,000) bear floating interest rates ranging from 6.16% to 8.64% (2013: 6.16% to 6.88%) per annum as at 31 December 2014.

(ii) As at 31 December 2014, the Group's bank loans are secured/guaranteed by:

(a) the pledge of the Group's buildings, plant and equipment with an aggregate carrying amount of HK$266,324,000 (31 December 2013: HK$285,389,000);

(b) the pledge of the Group's prepaid lease payments with an aggregate carrying amount of HK$19,331,000 (31 December 2013: HK$19,804,000); and

(c) the pledge of the Group's bank deposits with an aggregate carrying amount of HK$3,803,000 (31 December 2013: HK$5,458,000).

All borrowings are denominated in RMB.

14. SHARE CAPITAL

	Numbers of shares		Share capital	
	31/12/2014	31/12/2013	**31/12/2014**	31/12/2013
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$1.00 each subdivided to HK$0.10 each on 24 July 2013				
Authorised				
At beginning of year	**2,000,000**	53,333	**200,000**	53,333
Share subdivision *(note (i))*	**–**	480,002	**–**	–
Increase of authorised share capital *(note (ii))*	**–**	1,466,665	**–**	146,667
At end of year *(note (iv))*	**N/A**	2,000,000	**N/A**	200,000
Issued and fully paid				
At beginning of year	**533,335**	51,333	**53,333**	51,333
Issue of redeemable ordinary shares to Golden Win	**–**	2,000	**–**	2,000
Share subdivision *(note (i))*	**–**	480,002	**–**	–
Issue of new shares *(note (iii))*	**177,780**	–	**17,778**	–
Effect of the new Hong Kong Companies Ordinance *(note (iv))*	**–**	–	**117,904**	–
At end of year	**711,115**	533,335	**189,015**	53,333

Notes:

(i) On 24 July 2013, each share of HK$1.00 each in the Company's authorised share capital was sub-divided into 10 share of HK$0.10 each, thereby resulting in the increase in the number of the authorised ordinary shares from 53,333,500 shares of HK$1.00 each to 533,335,000 shares of HK$0.10 each and increase of the number of the total issued shares from 53,333,500 shares of HK$1.00 each to 533,335,000 shares of HK$0.10 each.

(ii) On 24 July 2013, the authorised share capital of the Company was increased from HK$53,333,500 divided into 533,335,000 shares of HK$0.10 each to HK$200,000,000 divided into 2,000,000,000 shares of HK$0.10 each.

(iii) Upon completion of the placing of shares with professional, institutional and other investors by the Company ("**Placing**"), a total of 177,780,000 shares were issued and allotted to certain professional, institutional and other investors pursuant to the Prospectus.

(iv) Under the Hong Kong Companies Ordinance (Cap.622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

All the shares issued rank pari passu in all respects with other shares in issue.

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

The Group is primarily engaged in the manufacturing and sales of particleboards, which are used primarily by the customers of the Group in the manufacturing of furniture, flooring panels and, decoration and construction materials. The Group's production base is strategically located in Shaoguan city, Renhua county of Guangdong Province, the People's Republic of China, comprising of production workshops, an office building, warehouses and, various buildings and structures under construction. Renhua county, with a gross area of approximately 2,223km^2, is located in the northern mountain region of the Guangdong Province with an approximately 1,700 km^2 of forest covering the entire Renhua county, which provides the Group with abundant wood resources.

The Group's production lines are certified to have met the Californian Particleboard Standards of Regulations of the United States of America and the Group's particleboard products are certified for being qualified to use the Adopting International Standard Product mark (PRC GB/T 4897-2003 of the Particleboard International Standards). The production line which commenced production in December 2013 (the "**2013 Production Line**") is currently able to produce Premium Quality Particleboards that could comply with all the Particleboard PRC GB Standards and Particleboard International Standards.

During the Financial Year 2014, the Group expanded its production capacity by introducing advance technology and equipment into its production process. The 2013 Production Line at our production base in Shaoguan was operating in Full Production during 2014 with an annual production capacity of approximately 268,000m^3. The sales orders and average selling price of the particleboards increased primarily due to better quality particleboards produced by the 2013 Production Line. For the Financial Year 2014, the approximate sales volume of particleboards increased to approximately 259,000m^3 from approximately 131,800m^3 for the Financial Year 2013; the approximate average selling price of particleboards slightly increased to approximately HK$1,530 per m^3 in Financial Year 2014 from approximately HK$1,459 per m^3 for the Financial Year 2013. The performance of the 2013 Production Line proves to provide the Group, amongst others, the following benefits: (i) the Group is able to produce particleboards with better and more consistent quality; (ii) the Group's production lines are more efficient in energy and raw material savings, thus lowering its production cost; (iii) the Group's products are more environmentally friendly and would comply with all the Particleboard PRC GB Standards and Particleboard International Standards; (iv) the Group is able to produce customised particleboards and particleboards of various dimensions and specifications, that most other particleboard manufacturers in the PRC may not be able to produce; and (v) the Group is able to expand its market share and solidify its market position in the particleboard industry due to its capability to offer a wider product offering.

For the year of 2014, we are in the course of or have implemented the implementation plan as stated in the section headed "Future Plans and Prospects" in the Prospectus. Further details of our implementations will be stated in the Annual Report to be despatched in due course.

FINANCIAL REVIEW

Revenue

During the Financial Year 2014, the Group's revenue increased to approximately HK$396.6 million from approximately HK$192.3 million, an increase of approximately 106.2% as compared to the Financial Year 2013. The increase was mainly due to (i) increase in the selling price of particleboards; and (ii) increase in sales volume as a result of the 2013 Production Line during the year.

Cost of Sales

During the Financial Year 2014, the Group's costs of sales increased to approximately HK$283.8 million from approximately HK$136.3 million, an increase of approximately 108.2% as compared to the Financial Year 2013. The increase was mainly attributed to increase in the quantity produced and sold.

Gross profit and margin

During the Financial Year 2014, the Group's gross profit increased to approximately HK$112.8 million from approximately HK$56.0 million, an increase of approximately 101.4% as compared to the Financial Year 2013. However, the Group's gross profit margin dropped slightly to approximately 28.4% in 2014 from approximately 29.1% in 2013. The increase in gross profit was mainly due to increase in the quantity of sales made. The slight decrease in gross profit margin was primarily attributable to the initial operation of the 2013 Production Line at Full Production. There were plans by the Company to carry out a variety of experiments on the production process and technology used in the Group's customised particleboard. These tests might result in periodical marginal decrease in the production efficiency of the 2013 Production Line and lead to marginal increase in cost for the Group.

Distribution expenses

During the Financial Year 2014, the Group's distribution expenses increased to approximately HK$34.5 million from approximately HK$16.5 million, representing an increase of approximately 108.4% as compared to the Financial Year 2013. The increase was mainly attributable to increases in transportation cost which is in line with the increase in sales.

Administrative expenses

During the Financial Year 2014, the Group's administrative expenses increased to approximately HK$27.7 million from approximately HK$15.7 million, representing an increase of approximately 76.8% as compared to the Financial Year 2013. The increase was mainly attributable to the increase in staff salaries, depreciation, and related costs to support the increase in sales and the post listing compliance duties.

Finance costs

During the Financial Year 2014, the Group's finance costs increased to approximately HK$26.6 million from approximately HK$7.0 million, an increase of approximately 280.9% as compared to the Financial Year 2013. The increase was mainly attributable to an increase in the level of working capital required to cope with the Full Production of the 2013 Production Line.

Profit attributable to owners of the Company

During the Financial Year 2014, the Group's profit attributable to owners of the Company increased to approximately HK$26.2 million from approximately HK$7.9 million, an increase of approximately 232.9% as compared to the Financial Year 2013. The increase was mainly attributable to an increase in sales as a result of the 2013 Production Line operating in Full Production.

FUTURE PLAN AND PROSPECT

The year 2014 was the first full year operation of the Group after the Company was listed on the GEM of the Stock Exchange on 8 January 2014. The Group will continue to further strengthen its foundation, optimise its system and innovate on its product to drive the steady growth of its business. Further, the Group will continue to leverage on its business know-how and continue to strengthen its brand recognition and solidify its market position within the PRC; beginning from Renhua County in Guangdong Province, to the other regions of the PRC and ultimately making "Hongwei" the brand with a national reach in the particleboard industry.

In 2015, the Group plans to put more resources into expanding its customised-particleboard market segment. With the conservation of the environment in mind, the Group will continue to devote significant resources in the research and development of its non-formaldehyde and fire-resistant particleboards. It is the goal of the Group to make non-formaldehyde particleboards its flagship product in the future.

Further, in the Group's endeavor to be established as a high-tech enterprise, it will also be stepping up on its protection of intellectual property; patents will be applied for the Group's existing production technology and equipment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on GEM of the Stock Exchange on 8 January 2014 (the "**Listing Date**"). There has been no change in the capital structure of the Company since that date. The capital of the Company only comprises ordinary shares.

During the Financial Year 2014, the Group mainly financed its operations with the Group's working capital, bank loans and proceeds from the Placing.

As at 31 December 2014 and 2013, the Group had bank loans of approximately HK$339.4 million and HK$294.4 million respectively. Other than certain bank loans obtained which bear fixed interest rate ranging from 6.88% to 8.10% per annum, other bank loans bear floating interest rates ranging from 6.16% to 8.64% per annum as at 31 December 2014.

As at 31 December 2014 and 2013, the Group had net current liabilities of approximately HK$21.4 million and HK$114.9 million respectively. The current ratio of the Group increased to 0.93x as at 31 December 2014 (2013: 0.54x). Such increase was mainly due to an increase in current assets generated from the 2013 Production Line.

In 2014, apart from the general bank borrowings, the Company issued to certain independent investors the puttable note of US$2,000,000 with an interest rate of 12% per annum due in July 2016; and also issued to an independent investor the puttable note of HK$8,000,000 with an interest rate of 12% per annum due in October 2016. The said puttable notes do not require any security and do not carry any rights to convert into the Company's shares. The proceeds from issuance of the said puttable notes have been utilised for the Group's general working capital purpose.

Gearing Ratio

The gearing ratio stood at 1.33x (2013: 1.76x) based on total borrowings over shareholders' equity. The gearing ratio improved as the shareholders' equity has increased as a result of Listing.

FOREIGN EXCHANGE EXPOSURE

As at 31 December 2014 and 2013, certain of the Group's bank balances were denominated in HK$ and insignificant amount of the Group's bank balances were denominated in Euro. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate. As at 31 December 2014, there were puttable notes denominated in US$ and HK$ with an interest of 12%. Other than as described above, the Group has no significant exposure to foreign currency risk as it carries out its sales and purchases mainly in RMB.

The sensitivity analysis below includes only outstanding foreign currency bank balances and puttable notes, and adjusts for translation at the end of the year, with all other variables held constant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	31/12/2014	31/12/2013
	HK$'000	*HK$'000*
Assets		
Bank balances and cash	**1,051**	1,051
Liabilities		
Puttable notes	**(23,792)**	–

The following table illustrates the sensitivity of the Group's profit after tax to reasonably possible changes in RMB against HK$ and US$ exchange rates. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The management assess the foreign currency risk arising from US$ and HK$ collectively because the exchange rate between US$ and HK$ is pegged.

	The Group	
	Increase in rate	**(Decrease) /increase in profit for the year**
	%	*HK$'000*
2014		
If RMB strengthens against HK$ and US$	5	**954**
If RMB weakens against HK$ and US$	5	**(954)**
2013		
If RMB strengthens against HK$	5	(39)
If RMB weakens against HK$	5	39

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as at year end exposure does not reflect the exposure during the year.

The Company has no material foreign currency risk exposure.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. In order to manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group had constructed the 2013 Production Line in the last quarter of 2013 and has commenced Full Production in the Financial Year 2014. Save as disclosed above, there were no significant investments held as at 31 December 2014. There is no plan for material investments on capital assets as at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Financial Year 2014, the Group has incorporated a wholly-owned subsidiary, namely Universal Success Enterprise Limited, and its incorporation was intended for general corporate activity purpose.

PLEDGE OF ASSETS

As at 31 December 2014, bank deposits in the amount of HK$3,803,000 (31 December 2013: HK$5,458,000) were pledged to banks for bank loans.

As at 31 December 2014, the Group's bank loans are secured/guaranteed by:

(a) the pledge of the Group's buildings, plant and equipment with an aggregate carrying amount of HK$266,324,000 (31 December 2013: HK$285,389,000);

(b) the pledge of the Group's prepaid lease payments with an aggregate carrying amount of HK$19,331,000 (31 December 2013: HK$19,804,000); and

(c) the pledge of the Group's bank deposits with an aggregate carrying amount of HK$3,803,000 (31 December 2013: HK$5,458,000).

COMMITMENTS

The following table sets out the Group's contractual obligations as at the respective reporting date.

	2014	2013
	HK$'000	*HK$'000*
Capital commitments	**12,121**	12,219
Letters of credit commitments	**–**	7,645

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2014 (31 December 2013: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed a total of 175 employees. The remuneration payable to our employees included fees, salaries, retirement benefits scheme contributions and other benefits. For the Financial Year 2014 and Financial Year 2013, the remuneration was approximately HK$15.8 million and HK$12.4 million, respectively. The Group determines the employee's remuneration based on factors such as qualifications, duty, contributions and years of experience. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive, consistent with best practice and supports the interests of the shareholders of the Company (the "**Shareholders**"). The Group aims to align the interests of the senior executives with those of Shareholders by remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, V Baron Global Financial Services Limited ("**Baron**"), as at 31 December 2014, except for the compliance adviser agreement entered into between the Company and Baron dated 23 December 2013, neither Baron or its directors, employees or associates had any interest in relation to the Group.

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

Since the Listing Date and up to the date of this announcement, neither the Company nor its subsidiaries have purchased, sold or redeemed any securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 15 to the GEM Listing Rules from the Listing Date and up to the date of this announcement except otherwise stated in this announcement.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all the Directors confirmed that they have complied with the required standard of dealings concerning securities transactions by the Directors from the Listing Date and up to the date of this announcement.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or its subsidiary was a party during the Financial Year 2014.

USE OF NET PROCEEDS FROM THE PLACING

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

Up to 31 December 2014, the net proceeds had been applied as follows:

1. Approximately HK$30.0 million has been applied for partially repaying a RMB32 million bank loan provided from Agricultural Bank of China.

2. Approximately HK$3.7 million has been applied for the expanding our product range.

3. Approximately HK$2.2 million has been applied for strengthening and expanding of our sales network across the PRC.

4. Approximately HK$1.3 million has been applied for expanding our supplier base for the supply of Residual Wood.

5. Approximately HK$4.5 million has been applied for enhancing of our product research and development.

6. Approximately HK$1.6 million has been applied for strengthening our brand recognition.

7. Approximately HK$5.0 million has been applied for general working capital purpose.

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Board has discussed and reviewed with the management of the Group the consolidated financial statements of the Group for the Financial Year 2014.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Financial Year 2014.

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

Hong Kong, 24 March 2015

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

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