



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 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.

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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 the information contained in this announcement is accurate and complete in all material respects and not misleading; and 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 2014 was approximately RMB34,685,000 representing a decrease of approximately 38.4% as compared with that of the previous year.
- Loss attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB12,625,000.
- Loss per share was approximately RMB0.47 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 2014, together with the comparative audited figures for the year ended 31 December 2013, as follows:

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Turnover	3	34,685	56,351
Cost of sales		<u>(27,054)</u>	<u>(53,433)</u>
Gross profit		7,631	2,918
Other gains	5	11,273	5,852
General and administrative expenses		(17,958)	(57,596)
Impairment loss on intangible assets		(12,737)	(59,798)
		<u>(11,791)</u>	<u>(108,624)</u>
Loss from operations		(11,791)	(108,624)
Share of results of associates		185	–
Loss on disposal of subsidiaries		–	(3,025)
Finance costs	6 (a)	(434)	(6,552)
		<u>(12,040)</u>	<u>(118,201)</u>
Loss before taxation	6	(12,040)	(118,201)
Income tax expense	7	(976)	(374)
		<u>(13,016)</u>	<u>(118,575)</u>
Loss for the year from continuing operations		(13,016)	(118,575)
Discontinued operation			
Profit for the year from discontinued operation		–	74
		<u>(13,016)</u>	<u>(118,501)</u>
Loss for the year		(13,016)	(118,501)
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translating foreign operations		958	(1,065)
		<u>958</u>	<u>(1,065)</u>
Total comprehensive loss for the year		(12,058)	(119,566)

	<i>Note</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Loss for the year attributable to:			
Owners of the Company		(12,625)	(118,501)
Non-controlling interests		(391)	–
		<u>(13,016)</u>	<u>(118,501)</u>
		<u>(13,016)</u>	<u>(118,501)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(11,670)	(119,566)
Non-controlling interests		(388)	–
		<u>(12,058)</u>	<u>(119,566)</u>
		<u>(12,058)</u>	<u>(119,566)</u>
Loss per share			
For continuing and discontinued operations	9		
– Basic and diluted (cents)		<u>(0.47)</u>	<u>(19.60)</u>
		<u>(0.47)</u>	<u>(19.60)</u>
For continuing operations			
– Basic and diluted (cents)		<u>(0.47)</u>	<u>(19.62)</u>
		<u>(0.47)</u>	<u>(19.62)</u>

Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Plant and equipments		17,306	1,263
Intangible assets		3,645	19,600
Goodwill	14	213,259	–
Interests in associates		54,833	–
Loans receivable		17,042	–
		<u>306,085</u>	<u>20,863</u>
Current assets			
Inventory		610	–
Trade, loan and other receivables, prepayments and deposits	10	77,243	22,811
Financial assets at fair value through profit or loss		20,456	–
Cash and bank balances		29,406	9,024
		<u>127,715</u>	<u>31,835</u>
Current liabilities			
Trade and other payables	11	39,882	5,352
Tax payables		901	88
Obligations under finance leases	12	609	–
		<u>41,392</u>	<u>5,440</u>
Net current assets		<u>86,323</u>	<u>26,395</u>
Total assets less current liabilities		<u>392,408</u>	<u>47,258</u>
Non-current liabilities			
Obligations under finance leases	12	1,970	–
Net assets		<u><u>390,438</u></u>	<u><u>47,258</u></u>
Capital and reserves attributable to owners of the Company			
Share capital	13	339,771	146,820
Reserves	13	(47,393)	(99,562)
Equity attributable to owners of the Company		<u>292,378</u>	<u>47,258</u>
Non-controlling interests		<u>98,060</u>	<u>–</u>
Total equity		<u><u>390,438</u></u>	<u><u>47,258</u></u>

NOTES 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 2014 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily engaged in the trading and manufacturing of biomass fuel (the Group acquired the control of the Double Win International Investments Limited (“Double Win”) during the year under review), the money lending business and the sale of biodegradable food containers and disposable industrial packaging for consumer products.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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

The Group has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRIC – Int 21 Levies

The Group has applied IFRIC – Int 21 *Levies* for the first time in the current year. 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.

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.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new or revised standard, amendments and interpretations that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ³
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ⁵
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to IAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle ⁶
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for first annual IFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The directors of the Company anticipate that the application of other IFRSs will have no material impact on the results and the consolidated financial positions of the Group.

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 and interest income earned from the money lending business.

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trading and manufacturing of biomass fuel	30,897	–
Interest income on money lending business	2,977	–
Sale of biodegradable products	811	56,351
Total	34,685	56,351

4. SEGMENT REPORTING

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

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

- (i) Sale of biodegradable food containers and disposable industrial packaging for consumer products;
- (ii) Trading and manufacturing of biomass fuel products; and
- (iii) Interest income earned from the money lending business.

Segment revenues and results

	Continued operations				Discontinued operation				Consolidated	
	Biodegradable products		Biomass fuel		Money lending		Skin care products		2014	2013
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover										
External sales	<u>811</u>	<u>56,351</u>	<u>30,897</u>	<u>-</u>	<u>2,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,685</u>	<u>56,351</u>
Result										
Segment result	<u>(5,543)</u>	<u>(13,463)</u>	<u>2,869</u>	<u>-</u>	<u>2,027</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>(647)</u>	<u>(13,389)</u>
Unallocated corporate income									11,224	-
Unallocated corporate expenses									(9,631)	(35,363)
Impairment loss on intangible assets	(12,737)	(59,798)	-	-	-	-	-	-	<u>(12,737)</u>	<u>(59,798)</u>
Loss from operations									(11,791)	(108,550)
Loss on disposal of subsidiaries									-	(3,025)
Share of results of associates									185	-
Finance costs									<u>(434)</u>	<u>(6,552)</u>
Loss before taxation									(12,040)	(118,127)
Income tax expense									<u>(976)</u>	<u>(374)</u>
Loss for the year									<u>(13,016)</u>	<u>(118,501)</u>

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sale in the current year (2013: 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 2014 annual report. Segment result represents the profit/(loss) generated by each segment without allocation of corporate income and 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

	Biodegradable		Biomass fuel		Money lending		Consolidated	
	products							
	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets								
Segment assets	15,730	33,404	253,805	-	77,117	-	346,652	33,404
Unallocated corporate assets							87,148	19,294
							<u>433,800</u>	<u>52,698</u>
Liabilities								
Segment liabilities	3,790	2,024	34,808	-	269	-	38,867	2,024
Unallocated corporate liabilities							4,495	3,416
							<u>43,362</u>	<u>5,440</u>

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

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

All liabilities are allocated to operating segments other than corporate liabilities.

Other segment information

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

	Biodegradable products		Biomass fuel		Money lending		Unallocated		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure	4,059	1,309	11,926	-	-	-	12	-	15,997	1,309
Depreciation and amortisation	4,931	16,120	41	-	-	-	1	698	4,973	16,818
Impairment loss on intangible assets	12,737	59,798	-	-	-	-	-	-	12,737	59,798
Impairment loss on other receivables	-	-	-	-	-	-	-	373	-	373
Written off of plant and equipments	-	-	-	-	-	-	-	253	-	253
Fair value loss on investment properties	-	-	-	-	-	-	-	200	-	200
Loss on early repayment of promissory notes	-	-	-	-	-	-	-	1,407	-	1,407
Unrealised gain on financial asset at fair value through profit or loss	-	-	-	-	-	-	11,224	-	11,224	-

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 operations from the external customers by location of operations and information about its non-current assets are detailed below.

	Revenue		Non-current assets	
	Year ended	Year ended	As at	As at
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	14,810	42,835	226,985	-
Hong Kong	19,875	13,516	79,100	20,863
	<u>34,685</u>	<u>56,351</u>	<u>306,085</u>	<u>20,863</u>

Information about major customers

For the year ended 31 December 2013, included in revenue arising from biodegradable products of approximately RMB42,835,000, was arisen from two single external customers. For the year ended 31 December 2014, include in the revenue arising from biomass fuel of approximately RMB25,493,000 was arisen from two single external customers.

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

	2014 RMB'000	2013 <i>RMB'000</i>
Customer A (<i>Note</i>)	–	36,473
Customer B (<i>Note</i>)	–	6,362
Customer C	15,991	–
Customer D	9,502	–
	<u> </u>	<u> </u>

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 2014.

5. OTHER GAINS

	2014 RMB'000	2013 <i>RMB'000</i>
Sundry income	49	492
Distribution income	–	1,771
Unrealised gain on financial assets at fair value through profit or loss	11,224	–
Fair value gain on convertible notes	–	2,115
Gain on extension of promissory notes	–	1,474
	<u> </u>	<u> </u>
Total	<u>11,273</u>	<u>5,852</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
(a) Finance costs		
Interest on convertible notes	393	3,472
Interest on promissory notes	–	2,035
Interest on other borrowings	–	1,045
Interest on obligations under finance leases	41	–
	<u>434</u>	<u>6,552</u>
Total interest expenses for financial liabilities that are not designated as at fair value through profit or loss	<u>434</u>	<u>6,552</u>
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution plans	88	58
Salaries, wages and other benefits	2,894	31,123
	<u>2,982</u>	<u>31,181</u>
(c) Other items		
	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Continuing operations:		
Amortisation of intangible assets	4,096	16,089
Depreciation	877	729
Operating lease charges in respect of property rentals:		
Minimum lease payments	1,577	1,327
Auditors' remuneration	950	995
Cost of inventories sold	27,054	53,433
Impairment loss on intangible assets	12,737	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
	<u> </u>	<u> </u>

7. INCOME TAX EXPENSE

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Current Tax		
Hong Kong	976	–
PRC Enterprise Income Tax	–	411
	<u>976</u>	<u>411</u>
Deferred Tax		
Credit to the consolidated statement of profit or loss and other comprehensive income	–	(37)
	<u>976</u>	<u>374</u>

(i) *Hong Kong Profits Tax*

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year ended 31 December 2014.

(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 2014 (2013: 25%).

8. DIVIDENDS

The board of directors do not recommend the payment of any dividends for the year ended 31 December 2014 (2013: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic and diluted (loss)/profit per share for the year is based on the following data:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
(Loss)/profit		
(Loss)/profit for the purposes of basic and diluted loss per share, (loss)/profit for the year attributable to the owners of the Company:		
– For continuing and discontinued operations	(12,625)	(118,501)
– For continuing operations	(12,625)	(118,575)
– For discontinued operation	–	74
	<u><u>2014</u></u> <i>'000</i>	<u><u>2013</u></u> <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>2,677,224</u></u>	<u><u>604,486</u></u>

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2014 and 2013 were same as the basic loss per share. The Company's outstanding share options and warrants were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options and warrants were anti-dilutive.

10. TRADE, LOAN AND OTHER RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	17,093	–
31 to 60 days	6,721	256
61 to 90 days	11,901	–
91 to 180 days	12,383	539
181 to 365 days	–	1,937
Over 365 days	18,308	2
	<hr/>	<hr/>
	66,406	2,734
Less: allowance for doubtful debts	–	–
	<hr/>	<hr/>
	66,406	2,734
	<hr/> <hr/>	<hr/> <hr/>

Customers are generally granted with credit term of 90 days and the loan to customers were repaid in accordance with the terms of the loan agreements.

11. TRADE AND OTHER PAYABLES

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	–	1,571
Over 30 days	1,273	–
	<hr/> <hr/>	<hr/> <hr/>

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

12. OBLIGATIONS UNDER FINANCE LEASES

The Group has leased the motor vehicles under finance leases. The lease term is 5 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates, ranged 2% per annum. Obligations under finance lease are denominated in Hong Kong dollars. The obligations under finance leases are secured by the lessor's charge over the leased assets and by the corporate guarantees provide by the Company.

13. SHARE CAPITAL AND RESERVES

	Share capital RMB'000	Share premium RMB'000	Warrants reserve RMB'000	Convertible note equity reserve RMB'000	Capital reduction reserve RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2013	17,122	72,080	-	-	92,489	20,103	(10,277)	(195,283)	(3,766)	-	(3,766)
Loss for the year	-	-	-	-	-	-	-	(118,501)	(118,501)	-	(118,501)
Other comprehensive loss for the year											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(1,065)	-	(1,065)	-	(1,065)
Total comprehensive loss for the year	-	-	-	-	-	-	(1,065)	(118,501)	(119,566)	-	(119,566)
Issue of shares upon conversion of convertible notes	1,564	14,079	-	-	-	-	-	-	15,643	-	15,643
Issue of shares upon open offer of shares	128,134	-	-	-	-	-	-	-	128,134	-	128,134
Transaction costs attributable to issue share of open offer	-	(1,911)	-	-	-	-	-	-	(1,911)	-	(1,911)
Recognition of equity-settled share-based payments	-	-	-	-	-	28,923	-	-	28,923	-	28,923
Release upon lapse of share options	-	-	-	-	-	(12,787)	-	12,787	-	-	-
Release upon disposal of subsidiaries	-	-	-	-	-	-	(199)	-	(199)	-	(199)
At 31 December 2013 and 1 January 2014	146,820	84,248	-	-	92,489	36,239	(11,541)	(300,997)	47,258	-	47,258
Loss for the year	-	-	-	-	-	-	-	(12,625)	(12,625)	(391)	(13,016)
Other comprehensive income for the year											
Exchange differences on translating foreign operations	-	-	-	-	-	-	955	-	955	3	958
Total comprehensive loss for the year	-	-	-	-	-	-	955	(12,625)	(11,670)	(388)	(12,058)
Issuance of unlisted warrant, net with transaction costs, net of deferred tax	-	-	1,349	-	-	-	-	-	1,349	-	1,349
Issuance of convertible notes	-	-	-	8,965	-	-	-	-	8,965	-	8,965
Issue of shares upon conversion of convertible notes	158,615	-	105	(8,965)	-	-	-	-	149,755	-	149,755
Transaction costs attributable to issuance of convertible notes	-	(4,028)	-	-	-	-	-	-	(4,028)	-	(4,028)
Issue of share upon exercise of bonus warrant	1,700	5	(5)	-	-	-	-	-	1,700	-	1,700
Exercise of unlisted warrant	3,946	3,367	(186)	-	-	-	-	-	7,127	-	7,127
Issue of share upon conversion of convertible notes	28,690	63,232	-	-	-	-	-	-	91,922	-	91,922
Recognition upon acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	98,448	98,448
At 31 December 2014	339,771	146,824	1,263	-	92,489	36,239	(10,586)	(313,622)	292,378	98,060	390,438

14. ACQUISITION OF SUBSIDIARIES

On 26 November 2013, the Group entered into a sale and purchase agreement (“S&P”) to acquired 100% equity interest in Double Win International Investments Limited and its subsidiaries (“Double Win Group”) from an independent third party (the “Vendor”) at a consideration of HK\$130,000,000 (equivalent to approximately RMB102,466,000) The total consideration was satisfied by cash consideration HK\$13,520,000 (equivalent to approximately RMB10,657,000) and issue of convertible notes of approximately HK\$116,480,000 (equivalent to approximately RMB91,809,000). The acquisition was completed on 3 January 2014. Summary of the effects of the acquisition is as follows:

	Acquiree’s carrying amount and fair value Total RMB’000
Plant and equipment	923
Inventories,	1,134
Trade and other receivables prepayment and deposit	2,640
Cash and cash balances	1,097
Trade and other payables	(18,139)
	<hr/>
	(12,345)
Goodwill	213,259
Non-controlling interests	(98,448)
	<hr/>
	102,466
	<hr/> <hr/>

The Group were acquired Double Win Group as to new segment business of the Group’s biomass fuel products business.

Non-controlling interests

The non-controlling interests of 49% in 德慶縣炬林環保新能源開發有限公司 (「炬林環保」), a subsidiary of Double Win, recognised at the acquisition date was measured by reference to the fair value was estimated by an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of 13%, and
- assumed long-term sustainable growth rate of 2%.

Goodwill arising on acquisition*RMB'000*

Consideration transferred	102,466
Add: non-controlling interest (49% in 炬林環保), including goodwill	98,448
Add: fair value of identifiable net liabilities acquired	12,345
	<hr/>
	213,259
	<hr/> <hr/>

Goodwill arose in the acquisition of Double Win Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development of Double Win Group. These benefits not recognized separately from goodwill because they do not meet the recognition criteria of identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purpose.

Included in the loss for the year of approximately RMB2,869,000 and turnover for the year of approximately RMB30,897,000 attributable to the additional business generated by Double Win Group.

Has these business combinations been effected at 1 January 2014, the loss for the year of approximately RMB2,869,000 and turnover for the year of approximately RMB30,897,000 attributable to the continuing operation of Double Win Group.

Net cash outflow on acquisition of subsidiaries*RMB'000*

Consideration paid in cash	10,657
Less: Cash and cash equivalent balance acquired	(1,097)
	<hr/>
	9,560
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

During the year under review, the Group continues to engage in trading of biodegradable containers in Hong Kong. Further the Group had expanded the money lending business in 2014 and started to the manufacture and sale of biomass fuel in PRC through the acquisition of Double Win in January 2014.

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.

The rises in raw material costs and sub-contracting charges as a result of the escalating raw material prices and labour costs have weakened the competitiveness of our biodegradable containers and disposable industrial packaging products. In addition, the strong appreciation of Renminbi and the economic downturn in Europe also have adverse impact on the results of our biodegradable containers and disposable industrial packaging products. In view of the persistent unsatisfactory results, the Board need to further made a provision of an asset impairment loss of approximately RMB12,737,000 (2013: RMB59,798,000) in respect of the intangible assets in relation to our biodegradable containers and disposable industrial packaging products on 31 December 2014.

In accordance to the “Pearl River Delta Regional Air Quality Management Plan”, most “city-level” municipalities in the region will complete the ban on the combustion of high-polluting fuel in designated areas. Existing facilities that are required to be modified to lower carbon emission and those fail to adjust will be forced to shut down its operations. The ban will include the burning of traditional fuels such as washed coal, coal briquettes, coke, charcoal, industrial oil and the direct burning of non-processed raw biomass waste/materials such as crop, straw and other agriculture residues.

As the Directors are actively exploring new opportunities to improve the performance of the Group. The above business environment provides a good opportunity to acquire Double Win to participate in the trading and manufacturing of biomass fuel which allowing the Group to expand its business and offer a wider diversity of products and services.

However, the Group's expectation on the performance of the newly acquired business of manufacturing and sale of biomass fuel will be challenging. During the year, the production lines are under testing phase and the Group is fine tuning the production process which resulted to the delay of mass production as scheduled ahead. The management is targeting to manufacture the higher quality wood pellet and biomass fuel for soliciting power plant contracts. The business environment is unfavourable to the Group's expansion, the overall price of the energy market in the global market in the last quarter of 2014 was plummeted which constrained the Group's development of biomass fuel in PRC. The crude oil price performance in 2014 decreased from US\$97.3 in September 2014 (source: International Monetary Fund: Monthly Commodity Report) to US\$62.2 in December 2014.

The Group has been proactively expanding our money lending business in Hong Kong especially the property mortgage loans. The loan portfolio continues to grow, due to the persisting high demand for loan products in the market, recording approximately RMB64,907,000 as at 31 December 2014.

Financial review

During the year under review, the Group recorded an audited consolidated turnover of approximately RMB34,685,000 (2013: RMB56,351,000), which represented a decrease of approximately 38.4% as compared with that of 2013.

The decrease of turnover was mainly due to the increase of consolidated income in trading and manufacturing of biomass fuel and the money lending business which cannot offset the decrease of trading in biodegradable containers in Hong Kong. For the year under review, interest income from money lending business and revenue from trading and manufacturing of biomass fuel had recorded approximately RMB2,977,000 and RMB30,897,000, respectively. In 2014, the revenue trading in biodegradable containers in Hong Kong had decreased by RMB55,540,000 or 98.6% to approximately RMB811,000 from approximately RMB56,351,000 for the corresponding year.

The Group has derived interest income from our loan portfolio of approximately RMB2,977,000 for the year ended 31 December 2014. During the year ended 31 December 2014, the Group had no bad and doubtful debts from its loans receivable.

The Group's audited consolidated loss for the year was approximately RMB13,016,000 (2013: RMB118,501,000). The decrease of the net loss incurred was mainly attributed to impairment loss of intangible assets of RMB12,737,000 and no share-based payments was recorded in 2014 as compared to the impairment loss of intangible assets of RMB59,798,000 and share-based payment of RMB28,923,000 in 2013.

The increase of other revenue was mainly attributed to the unrealised gain of approximately RMB11,224,000 were recorded for the securities portfolio held by the Group in 2014.

The general and administrative expenses decreased by RMB39,638,000 or 68.8% as compared to last year. The decrease was mainly attributed to no share-based payments was recorded in the current year as compared to RMB28,923,000 in last year.

Net finance costs for the year under review decreased by approximately RMB6,118,000 or 93.4% as compared to corresponding year. It was mainly attributed to convertible notes was exercised and settled by its holders during the corresponding year which resulted to interest expense ceased to incur.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations through internally-generated cash flows. As at 31 December 2014, the balance of cash and cash equivalents amounted to approximately RMB29,406,000 (2013: RMB9,024,000). 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.

Saved as note 12, the Group had no bank and other borrowing as at 31 December 2014 and 2013.

The Group's gearing ratio as at 31 December 2014 is 10.0% (2013: 10.3%), which is calculated by dividing total liabilities of approximately RMB43,362,000 over total assets of the Group of approximately RMB433,800,000.

As at 31 December 2014, the net current assets of the Group is RMB86,323,000 (2013: RMB26,395,000) and the current ratio of the Group was approximately 3.1 times (2013: 5.9 times).

CAPITAL RAISING

The Company raised approximately HK\$1,824,000 (before expenses) by way of unlisted warrants on 30 April 2014. The issuance of unlisted warrants was completed on 20 May 2014.

The Company raised approximately HK\$200 million (before expenses) by way of issuance of 2 tranches of convertible bonds. The issuance of 2 tranches of convertible bonds was completed on 1 August 2014 and 13 August 2014, respectively.

On 3 September 2014, the Company received HK\$9 million through a holder of unlisted warrants exercised his rights to covert the unlisted warrants into 50 million conversion shares at the subscription price of HK\$0.18 per conversion share.

On 3 September 2014, the Company received approximately HK\$2.1 million through a holder of bonus warrants exercised his rights to convert the bonus warrants into 21 million conversion shares at the subscription price of HK\$0.10 per conversion share.

CHARGES ON GROUP ASSETS

Saved as the note 12, at 31 December 2014 and 2013, none of the assets of the Group has been pledged to secure any loan granted to the Group.

FOREIGN EXCHANGE EXPOSURE

Since almost all transactions of the Group are denominated in Hong Kong dollars and most of the bank deposits are being kept Hong Kong dollars to minimise exposure to foreign exchange risk, the directors consider that the Group's risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Increase in authorised share capital

On 24 February 2014, the authorised share capital of the Company was increased from HK\$200,000,000 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 above mentioned 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.

On 23 May 2014, a placing agent and the Company entered into a placing agreement pursuant to which the placing agent agreed to procure not less than six places to subscribe, in up to 3 tranches, for up to HK\$200 million of the convertible bonds with the entitlement to the bonus warrants at nil consideration on the basis of 1 bonus warrant for every 5 conversion shares issued upon exercise of the convertible bonds. Placing of the tranche 1 of convertible bonds in an aggregate principal amount of HK\$80 million completed on 1 August 2014 and the proceeds from issuance tranche 1 of convertible bonds, net of expense of approximately RMB61,721,000. Placing of the tranche 2 of convertible bonds in an aggregate principal amount of HK\$120 million completed on 13 August 2014 and the proceeds from issuance tranche 2 of convertible bonds, net of expense of approximately RMB92,582,000.

Placement of unlisted warrants

On 30 April 2014, the Company and a placing agent entered into a placing agreement, pursuant to which the Company appointed the placing agent as its agent to place warrants conferring the right to subscribe for up to 364,800,000 shares in aggregate at an issue price of HK\$0.005 per warrant.

Each warrant carries the right to subscribe for one share at an initial subscription price of HK\$0.18 per share, subject to adjustment. The subscription right is exercisable during a period of three years from the date of issue of the warrants.

The transaction was completed on 20 May 2014. The proceeds from issuance of unlisted warrants, net of expense of approximately RMB1,349,000.

Conversion of convertible notes and issuance of bonus warrants

During the year, the Company received notices from the bondholders to request the conversion of the convertible bonds in total principal amount of HK\$200,000,000 at the conversion price of HK\$0.10 per conversion share. All convertible bonds issued on 1 August 2014 and 13 August 2014 were fully converted into conversion shares on 4 August 2014 and 25 August 2014. The Group has no outstanding convertible bonds as at the date of this announcement.

In addition, 400,000,000 bonus warrants were issued to bondholders on the basis of one bonus warrant for every five conversion shares, entitling them to subscribe for 400,000,000 warrant shares at the initial subscription price per warrant share.

Exercise of unlisted warrants

On 3 September 2014, a holder of the unlisted warrants in the principal amount of HK\$9 million, has exercised his rights to convert the unlisted warrants into 50 million conversion shares at the subscription price of HK\$0.18 per conversion share. The proceeds from exercise of unlisted warrants, net of expense of approximately RMB7,127,000. As at the date of this announcement, 314,800,000 unlisted warrants remained outstanding.

Exercise of bonus warrants

On 3 September 2014, a holder on the bonus warrants in the principal amount of HK\$2.1 million, has exercised his rights to convert the bonus warrants into 21 million conversion shares at the subscription price of HK\$0.10 per conversion share. The proceeds from exercise bonus warrants, net of expense of approximately RMB1,700,000. As at the date of this announcement, 379,000,000 bonus warrants remained outstanding.

SIGNIFICANT INVESTMENTS

On 26 November 2013, the Company entered into a sale and purchase agreement with 2 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 of approximately HK\$116,480,000 to the vendors as part of the consideration for the acquisition and paid the balance of consideration by way of cash.

On 1 September 2014, Starry Regent Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, pursuant to which Starry Regent Limited agreed to acquire 22.5% equity interest in Sincere Smart International Limited at the consideration of HK\$69 million. The transaction was completed on 8 October 2014.

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

MAJOR EVENT AFTER THE YEAR UNDER REVIEW

On 6 February 2015, Starry Regent Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, pursuant to which Starry Regent Limited agreed to acquire 5.4% equity interest in Peak Zone Group Limited at the consideration of HK\$19.2 million. The transaction was completed on 16 February 2015.

CAPITAL STRUCTURE

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 was issued the convertibles notes of approximately HK\$116,480,000 to the vendors as part of the consideration for the acquisition and paid the balance of the consideration by way of cash. On 16 January 2014, the Company received notices from the noteholders for the request of conversion of the above mentioned convertibles 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.

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

On 30 April 2014, the Company and a placing agent entered into a placing agreement, pursuant to which the Company appointed the placing agent as its agent to place warrants conferring the right to subscribe for up to 364,800,000 shares in aggregate at an issue price of HK\$0.005 per warrant.

Each warrant carries the right to subscribe for one share at an initial subscription price of HK\$0.18 per share, subject to adjustment. The subscription right is exercisable during a period of three years from the date of issue of the warrants.

The transaction was completed on 20 May 2014.

On 3 September 2014, a holder of the unlisted warrants in the principal amount of HK\$9 million, has exercised his rights to convert the unlisted warrants into 50 million conversion shares at the subscription price of HK\$0.18 per conversion share. The proceeds from issuance of unlisted warrants, net of expense of approximately RMB7,127,000. As at the date of this announcement, 314,800,000 unlisted warrants remained outstanding.

On 23 May 2014, a placing agent and the Company entered into a placing agreement pursuant to which the placing agent agreed to procure not less than six places to subscribe, in up to 3 tranches, for up to HK\$200 million of the convertible bonds with the entitlement to the bonus warrants at nil consideration on the basis of 1 bonus warrant for every 5 conversion shares issued upon the exercise of the convertible bonds. Placing of the tranche 1 of the convertible bonds in an aggregate principal amount of HK\$80 million completed on 1 August 2014. Placing of the tranche 2 of convertible bonds in an aggregate principal amount of HK\$120 million completed on 25 August 2014.

During the year, the Company received notices from the bondholders to request the conversion of the convertible bonds in total principal amount of HK\$200,000,000 at the conversion price of HK\$0.10 per conversion share. All convertible bonds issued on 1 August 2014 and 13 August 2014 were fully converted into conversion shares on 4 August 2014 and 25 August 2014. The Group has no outstanding convertible bonds as at the date of this announcement.

In addition 400,000,000 bonus warrants were issued to bondholders on the basis of one bonus warrant for every five conversion shares, entitling them to subscribe for 400,000,000 warrant shares at the initial subscription price per warrant share. On 3 September 2014, a holder of the bonus warrants in the principal amount of HK\$2.1 million has exercised his rights to convert bonus warrants into 21 million shares at the subscription price of HK\$0.10 per conversion share. As at the date of this announcement, 379,000,000 bonus warrants remained outstanding.

USE OF PROCEEDS

		Original intended use of proceeds stated in announcement dated 30 April 2014 HK\$	Actual usage of proceeds as at the date of this announcement HK\$
Issue of unlisted warrants	Working capital	1,778,400	1,778,400
Exercise in full of the subscription rights attached to unlisted warrants	Working capital	65,664,000	9,000,000
		<hr/>	<hr/>
		<u>67,442,400</u>	<u>10,778,400</u>

		Original intended use of proceeds stated in prospectus dated 25 June 2014 HK\$	Actual usage of proceeds as at the date of this announcement HK\$
Placement of convertible bonds	Operational expenses	4,000,000	2,186,000
	Renovation of factory	12,000,000	–
	Acquisition of machinery	34,000,000	–
	Property money lending business	10,000,000	10,000,000
	Listed equity financing business	10,000,000	–
	Professional personal lending business	10,000,000	10,000,000
	Future acquisition	70,000,000	70,000,000
	Working capital for future 2 years	45,000,000	45,000,000
		<u>195,000,000</u>	<u>137,186,000</u>
Exercise in full of bonus warrants upon the exercise rights attached to convertible bonds	Future working capital	20,000,000	2,100,000
	Future investment opportunities	20,000,000	–
		<u>40,000,000</u>	<u>2,100,000</u>

EMPLOYEE INFORMATION

Currently, the Group has about 37 full-time employees (2013: 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 RMB2,982,000 for the year under review (2013: RMB31,181,000).

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no contingent liabilities (2013: 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.

In long run, the Directors believed that the ban in Pearl River Delta Region will create abundant market opportunities for the Group's wood pellet and biomass energy solution businesses and the Group will execute the development plan in the alignment with the market trend of the energy to capitalise on the above opportunities.

The Group will continuously dedicated its effort in research and development through updating its technology and products development in order to enlarge the biomass energy solution businesses. Looking forward, the Group will continue to look for appropriate investment opportunities in the clean energy sector with reasonable and potential returns.

The Directors of the view that despite the keen and intense market competition, and in addition to the recent political event of occupy central in Hong Kong, crack down parallel traders and the Hong Kong property market was recently impacted by the tight control on Hong Kong's authorised financial institutions and the Hong Kong Government's stringent policy on the property market, the market demand for property mortgage loan products in Hong Kong remains strong. Being the best alternative to banks' mortgage loan, leveraging on well experience management in carrying property mortgage loan business, diversified products and services and the Group's prudent, lasting and effective approach in implementing loan policy, the Directors believe the Group remain highly competitive in the property mortgage loan market in Hong Kong and we are confident about the future performance of our property mortgage loan portfolio, interest income and profit which will generate promising returns to our shareholders in the foreseeable future.

Furthermore, the Group will review regularly and closely monitor the market trend of the industry, the performance of our biodegradable products, the volatile market trend on global commodity and PRC biomass fuel and the business environment which will affect property mortgage loan market in Hong Kong and thus setting the Group business strategy on those business units.

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.

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 2014, 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 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/ Nature of interest	No. of shares (Note)	Approximate percentage of interest
Mr. Lok Wing Fu	Beneficial Owner	2,000,000 (L)	0.05%

Note: The letter "L" denotes a long position in shares.

Save as disclosed above, none of the Directors or chief executives of the Company had any other interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2014.

Substantial Shareholders

As at 31 December 2014, 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
Avant Capital Management (Hong Kong) Limited	Investment Manager	464,404,000 (L)	10.90%
Mr. Wong Man Keung	Interest in controlled corporation (Note 2)	283,940,000 (L)	
	Beneficial owner	<u>32,540,000 (L)</u>	
	Total	316,480,000 (L)	7.43%
Sonic Phoenix Limited	Beneficial owner (Note 2)	283,940,000 (L)	6.67%

Notes:

1. The Letter "L" denotes a long position in shares of the Company.
2. Mr. Wong Man Keung is deemed or taken to be interested in these shares which are beneficially owned by Sonic Phoenix Limited for the purpose of the SFO.

Options to subscribe for shares in the Company

Pursuant to a share option scheme adopted by the Company on 24 September 2009, the Directors may, at their discretion, offer to consultants, advisors, service providers, full-time employees and Executive Directors of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange of Hong Kong Limited on the date of grant and the average closing price of the shares on the Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant. The options vest immediate from the date of grant and are then exercisable within a period of ten years.

At 31 December 2014, 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\$0.01 of the Company.

Details of grantees	No. of options outstanding	Date granted	Period during which options are exercisable	Exercise price per share
Chow Yik (<i>Director</i>)	5,000,000	28 November 2013	29 November 2013 to 28 November 2017	HK\$0.319
Leung King Fai (<i>Director</i>)	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 Provider 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 2014, 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.

Competing interest

The Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year.

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. As at the date of this report, the audit committee has three members comprising Mr. Kwok Pak Yu, Steven, Mr. Ho Kei Wing, Nelson and Ms. Ma Sijing, the three independent non-executive Directors. The audit committee meets at the least quarterly. The Group's audited financial results for the year have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

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 year under review, the Company has complied, subject to the following deviations, with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, except rule A.4.1 that 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, and rule A.6.7 that independent non-executive Directors did not attend all general meetings.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the executive Directors are Mr. Chow Yik and Mr. Lok Wing Fu; the independent non-executive Directors are Mr. Kwok Pak Yu, Steven, Mr. Ho Kei Wing, Nelson and Ms. Ma Sijing.

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/web/service/008019>.