DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED
東瑞製葯(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2348)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

RESULTS HIGHLIGHTS

	For the year ended 31 December		
	2014	2013	Changes
Revenue (RMB'000)	783,803	914,973	-14.3%
Gross profit (RMB'000)	459,919	403,248	+14.1%
Gross profit margin (%)	58.7%	44.1%	+14.6 percentage points
Profit before tax (RMB'000)	258,893	188,966	+37.0%
Profit for the year (RMB'000)	205,145	153,099	+34.0%
Net profit margin (%)	26.2%	16.7%	+9.5 percentage points
Earnings per share attributable to ordinary equity holders of the parent-basic (RMB)	0.2547	0.1910	+33.4%
Proposed final dividend per share (HK$)	0.085	0.068	+25.0%

The board (the "Board") of the directors (the "Directors") of Dawnrays Pharmaceutical (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 (the "reporting period") together with the comparative amounts for 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014	2013
		RMB'000	*RMB'000*
REVENUE	5	783,803	914,973
Cost of sales		(323,884)	(511,725)
Gross profit		459,919	403,248
Other income and gains	5	18,728	17,197
Selling and distribution expenses		(99,412)	(112,749)
Administrative expenses		(61,009)	(61,609)
Other expenses		(56,529)	(53,521)
Finance costs	6	(2,804)	(3,600)
PROFIT BEFORE TAX	7	258,893	188,966
Income tax expense	8	(53,748)	(35,867)
PROFIT FOR THE YEAR		205,145	153,099
Attributable to:			
Owners of the parent		205,145	153,099
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
- basic, for profit for the year		RMB0.2547	RMB0.1910
- diluted, for profit for the year		RMB0.2540	RMB0.1908

Details of the dividends payable and proposed for the year are disclosed in note 9 to the result announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	205,145	153,099
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences	(2,195)	2,240
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(2,195)	2,240
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	202,950	155,339
Attributable to:		
Owners of the parent	202,950	155,339

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	2014 *RMB'000*	2013 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		626,185	536,832
Land use rights		42,257	43,298
Construction in progress		13,086	102,232
Intangible assets		15,814	16,758
Deferred tax assets		6,123	2,843
Total non-current assets		703,465	701,963
CURRENT ASSETS			
Inventories		87,581	155,887
Trade and notes receivables	11	200,062	381,203
Prepayments, deposits and other receivables		17,805	13,307
Equity investments at fair value through profit or loss		5,440	5,896
Pledged bank deposits		235,681	257,121
Cash and cash equivalents		443,366	205,771
Total current assets		989,935	1,019,185
CURRENT LIABILITIES			
Trade and notes payables	12	107,385	245,139
Other payables and accruals		99,809	95,859
Interest-bearing bank loans		188,268	248,176
Income tax payable		11,173	7,177
Total current liabilities		406,635	596,351
NET CURRENT ASSETS		583,300	422,834
TOTAL ASSETS LESS CURRENT LIABILITIES		1,286,765	1,124,797
NON-CURRENT LIABILITIES			
Government grants		3,475	3,884
Deferred tax liabilities		35,010	29,176
Total non-current liabilities		38,485	33,060
Net assets		1,248,280	1,091,737
EQUITY			
Equity attributable to owners of the parent			
Issued capital		85,348	84,973
Reserves		1,108,235	963,399
Proposed final dividend	9	54,697	43,365
		1,248,280	1,091,737
Non-controlling interest		-	-
Total equity		1,248,280	1,091,737

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for financial assets at fair value through profit or loss that have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to IFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendments to IFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective IFRSs*

[1] Effective from 1 July 2014

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

3. NEW AND REVISED IFRSs NOT YET ADOPTED

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 1	*Disclosure Initative* [2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

3. NEW AND REVISED IFRSs NOT YET ADOPTED (continued)

[5] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. The Group expects to adopt IFRS 15 on 1 January 2017 and is currently assessing the impact of IFRS 15 upon adoption.

3. NEW AND REVISED IFRSs NOT YET ADOPTED (continued)

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Except for those described in note 2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

a) Manufacture and sale of intermediates and bulk medicines (the “intermediates and bulk medicines” segment)
b) Manufacture and sale of finished drugs (including antibiotics finished drugs and non-antibiotics finished drugs) (the “finished drugs” segment)

Management monitors the operating results of these operating segments for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income, finance costs, government grants, dividend income, fair value gains/(losses) from the Group’s financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged bank deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank loans, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION (continued)

Year ended 31 December 2014	Intermediates and bulk medicines	Finished drugs	Elimination of intersegment sales	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Sales to external customers	150,032	633,771	-	783,803
Intersegment sales	64,775	-	(64,775)	-
	214,807	633,771	(64,775)	783,803
Segment results	(30,769)	381,250	-	350,481
Reconciliation:				
Unallocated gains				17,143
Corporate and other unallocated expenses				(105,927)
Finance costs				(2,804)
Profit before tax				258,893

Year ended 31 December 2013	Intermediates and bulk medicines	Finished drugs	Elimination of intersegment sales	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Sales to external customers	364,818	550,155	-	914,973
Intersegment sales	67,519	-	(67,519)	-
	432,337	550,155	(67,519)	914,973
Segment results	(15,984)	290,059	-	274,075
Reconciliation:				
Unallocated gains				14,589
Corporate and other unallocated expenses				(96,098)
Finance costs				(3,600)
Profit before tax				188,966

4. SEGMENT INFORMATION (continued)

As at 31 December 2014	Intermediates and bulk medicines *RMB'000*	Finished drugs *RMB'000*	Total *RMB'000*
Segment assets:	399,095	491,756	890,851
Reconciliation:			
Corporate and other unallocated assets			802,549
Total assets			1,693,400
Segment liabilities:	96,546	68,250	164,796
Reconciliation:			
Corporate and other unallocated liabilities			280,324
Total liabilities			445,120

As at 31 December 2013	Intermediates and bulk medicines *RMB'000*	Finished drugs *RMB'000*	Total *RMB'000*
Segment assets:	580,223	480,709	1,060,932
Reconciliation:			
Corporate and other unallocated assets			660,216
Total assets			1,721,148
Segment liabilities:	183,589	108,444	292,033
Reconciliation:			
Corporate and other unallocated liabilities			337,378
Total liabilities			629,411

4. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2014	2013
	RMB'000	*RMB'000*
Mainland China	692,680	824,494
Other countries	91,123	90,479
	783,803	914,973

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The Group's operations are substantially based in Mainland China and over 95% of the non-current assets, exclude deferred tax assets, of the Group are located in Mainland China. Therefore, no further analysis of geographical information is presented.

Information about major customers

Revenue from continuing operations of approximately RMB147,513,000 (2013: RMB107,342,000) was derived from sales by the finished drugs segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of goods	783,803	914,973
Other income		
Bank interest income	13,900	9,123
Dividend income from equity investments at fair value through profit or loss	267	220
Foreign exchange differences	-	2,159
Government grants	2,484	3,926
Others	1,715	1,673
	18,366	17,101
Gains		
Gain on disposal of equity investments at fair value through profit or loss	158	96
Fair value gains, net:		
Equity investments at fair value through profit or loss	204	-
	362	96
	18,728	17,197

6. FINANCE COSTS

	Group	
	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	2,804	3,600

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold*	321,251	508,622
Depreciation	45,519	34,465
Recognition of land use rights **	1,041	1,041
Research and development costs:		
Amortisation of intangible assets ***	708	722
Current year expenditure	30,681	33,839
	31,389	34,561
Minimum lease payments under operating leases:		
Buildings	846	873
Auditors' remuneration	1,388	1,200
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	68,849	78,342
Equity-settled share option expense	2,968	1,412
Retirement benefits	6,717	7,117
Accommodation benefits	3,081	3,175
Other benefits	11,850	12,413
	93,465	102,459
Foreign exchange differences, net	6,401	(2,159)
Impairment of property, plant and equipment	2,177	12,517
Reversal and write off of impairment of trade receivables	(442)	(38)
Write-down of inventories to net realisable value	15,074	5,591
Fair value (gains)/losses, net:		
Equity investments at fair value through profit or loss	(204)	36
Bank interest income	(13,900)	(9,123)
Loss on disposal of items of property, plant and equipment	112	265
Expense off intangible assets	550	6,880
Gain on disposal of equity investments at fair value through profit or loss	(158)	(96)

* The depreciation of RMB36,141,000 for the year is included in "Cost of inventories sold".

** The recognition of land use rights for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

*** The amortisation of intangible assets for the year is included in "Other expenses" on the face of the consolidated statement of profit or loss.

8. INCOME TAX

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Current income tax		
Current income tax charge	50,089	31,307
Adjustments in respect of current income tax in previous years	1,105	74
Deferred income tax	2,554	4,486
Total tax charge for the year	53,748	35,867

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations. The undertaking for the Company is for a period of 20 years from 8 October 2002. Accordingly, the Company is not subject to tax.

The subsidiary incorporated in the British Virgin Islands (the "BVI") is not subject to income tax, as this subsidiary does not have a place of business (other than a registered office only) or carry out any business in the BVI.

The Hong Kong subsidiaries are subject to a statutory corporate income tax rate of 16.5% (2013: 16.5%) under the income tax rules and regulations of Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in its respective Hong Kong subsidiaries during the year (2013: Nil).

According to the PRC Enterprise Income Tax Law effective from 1 January 2008, the Mainland China Subsidiaries are all subject to income tax at the rate of 25% on their respective taxable income.

On 21 October 2008, Suzhou Dawnrays Pharmaceutical Co., Ltd. ("Suzhou Dawnrays Pharmaceutical") was qualified as a High-New Technology Enterprise ("HNTE") of Jiangsu Province. As a result, Suzhou Dawnrays Pharmaceutical had been entitled to a concessionary rate of income tax at 15% for three years commencing on 1 January 2008. During the year ended 31 December 2011 and 31 December 2014, Suzhou Dawnrays Pharmaceutical renewed, for every three years, the qualification of the HNTE of Jiangsu Province. As a result, Suzhou Dawnrays Pharmaceutical was continuously entitled to a concessionary rate of income tax at 15% commencing on 1 January 2011.

All other subsidiaries in Mainland China were subject to the corporate income tax rate of 25% in 2014.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

8. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Accounting profit before income tax	258,893	188,966
At the PRC's statutory income tax rate of 25% (2013: 25%)	64,723	47,241
Tax effect of profits entitled to tax concession or lower tax rate enacted by local authority	(28,082)	(19,472)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	11,282	7,816
Adjustments in respect of current income tax of previous years	1,105	74
Expenses not deductible for tax	130	81
Tax credit for qualified research and development expense	(1,909)	(1,893)
Tax losses not recognised	6,499	2,699
Tax losses from previous periods utilised	-	(679)
At the effective income tax rate of 20.76% (2013: 18.98%)	53,748	35,867

9. DIVIDENDS

	Company	
	2014	2013
	RMB'000	*RMB'000*
Interim - HK$0.025 (2013: HK$0.02) per ordinary share	16,002	12,661
Proposed final – HK$0.085 (2013: HK$0.068) per ordinary share	54,697	43,365
	70,699	56,026

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 805,342,789 (2013: 801,489,129) in issue during the year.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	205,145	153,099

	Number of shares	
	2014	2013
	Thousands	Thousands
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	805,343	801,489
Effect of dilution – weighted average number of ordinary shares:		
Share options	2,391	864
Weighted average number of ordinary shares adjusted for the effect of dilution	807,734	802,353

11. TRADE AND NOTES RECEIVABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables	86,531	135,354
Impairment	(437)	(879)
	86,094	134,475
Notes receivable	113,968	246,728
	200,062	381,203

11. TRADE AND NOTES RECEIVABLES (continued)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months for major customers. Each customer has a credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to manage credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and notes receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, net of provisions, is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables		
Outstanding balances with ages:		
Within 90 days	62,080	102,845
Between 91 and 180 days	13,667	29,404
Between 181 and 270 days	6,279	2,146
Between 271 and 360 days	2,465	-
Over one year	1,603	80
	86,094	134,475

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	879	917
Impairment losses reversed or written off	(442)	(38)
At 31 December	437	879

The above provision for impairment of trade receivables is provided for individually impaired trade receivables with an aggregate carrying amount before provision of RMB437,000 (2013: RMB879,000). The individually impaired trade receivables relate to customers with financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE AND NOTES RECEIVABLES (continued)

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	62,080	102,845
Less than three months past due	13,667	29,404
Over three months past due	10,347	2,226
	86,094	134,475

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Financial assets that are not derecognised in their entirety

At 31 December 2014, the Group endorsed certain notes receivable accepted by banks in the PRC (the "Endorsed Notes") with a carrying amount of RMB43,315,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Notes, including sale, transfer or pledge of the Endorsed Notes to any other third parties. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Notes during the year to which the suppliers have recourse was RMB35,372,000 and RMB7,943,000 as at 31 December 2014, respectively.

Financial assets that are derecognised in their entirety

At 31 December 2014, the Group endorsed certain notes receivable accepted by banks in the PRC (the "Derecognised Notes") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB16,114,000. The Derecognised Notes have a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposures to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes are equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

11. TRADE AND NOTES RECEIVABLES (continued)

Financial assets that are derecognised in their entirety (continued)

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the year.

12. TRADE AND NOTES PAYABLES

An aged analysis of the trade payables and notes payable as at the end of the reporting period is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Outstanding balances with ages:		
Within 90 days	81,854	155,385
Between 91 and 180 days	23,395	87,380
Between 181 and 270 days	380	1,425
Between 271 and 360 days	252	132
Over one year	1,504	817
	107,385	245,139

The trade payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the trade and notes payables approximate to their fair values. The aggregate carrying amount of the trade payables settled by the Endorsed Notes during the year to which the suppliers have recourse was RMB35,372,000 as at 31 December 2014.

CHAIRMAN’S STATEMENT

RESULTS

The Group has recorded revenue of approximately RMB783,803,000 for the year ended 31 December 2014 (2013: RMB914,973,000), representing a decrease of 14.3% as compared to 2013. Profit attributable to owners of the parent was approximately RMB205,145,000 (2013: RMB153,099,000), representing an increase of 34.0% over 2013. The decrease in turnover was mainly attributable to the reduction in production from the cephalosporin product line, while the increase in profit was mainly attributable to the satisfactory sustained sales performance of the Group’s system specific medicines.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.085 per share for the year ended 31 December 2014, amounting to the total sum of approximately HK$68,235,000 (equivalent to approximately RMB54,697,000), to the shareholders whose names appeared in the register of members as of Friday, 29 May 2015 subject to the approval of the shareholders at the forthcoming 2015 Annual General Meeting (the “2015 AGM”). Taking into consideration the interim dividend of HK$0.025 per share, the total annual dividend distributed for the year is HK$0.11 per share. The dividend payout ratio is approximately 34.5%.

BUSINESS REVIEW AND PROSPECT

In 2014, the recovery of the world economy was slow and the ongoing economic restructuring and reform in China led to downward pressures. As for China’s pharmaceutical industry, although it still maintained a growth trend, its momentum has dwindled, resulting in a slower growth rate. Under pressure of various rising costs, chemical pharmaceutical firms were in the face of a more challenging operating environment. However, with the support of governmental resources and social capital, China’s medical and pharmaceutical industry is still enjoying a favourable prospect.

During the period, under the pressure of intense market competition, the Group’s system specific medicines still recorded sales growth with strong momentum in business growth. In particular, as to anti-hypertensive drug in “An” (安) series of medicines which faced challenges of multiple competitors, the Group's marketing team concentrated various resources and adjusted their practices in response to variation of market situation, and managed to consolidate brand awareness of “An” series, leading to a sustained good sales performance of that series of medicines. Meanwhile, sales of the Group’s “Leiyide” (雷易得) (Entecavir Dispersible Tablets) for treating hepatitis B in Mainland China kept in line with previous schedule and also recorded satisfactory growth. More encouragingly, the Group’s joint effort with the world-famous pharmaceutical firm GlaxoSmithKline Limited (“GSK”) on market expansion in Hong Kong has achieved breakthrough as GSK secured the contract to supply the Group’s Entecavir Tablets(恩替卡韋) in Hong Kong medical market. Such progress will have favourable impact on overseas sales of the Group’s finished drugs.

In terms of the Group’s business of cephalosporin antibiotics, during the period, as the Group is required to comply with China's new GMP requirements, necessary retrofit and reconstruction works were conducted for relevant production workshops, resulting in output decrease of bulk medicines. Meanwhile, the Group’s intermediates which production associated with bulk medicines was also impacted, giving rise to a reduced use of production capacity. As a result of foregoing, during the period, the Group's cephalosporin antibiotics business continued to record a loss. However, the Group has completed its new GMP adaptive renovation works in association with its bulk medicines and powder for injection, passed government inspection and obtained GMP certification in 2014. Currently, the Group’s production of cephalosporin antibiotics powder for injection and bulk medicines have come back to normal on a gradual basis.

As to prospect of China's medical and pharmaceutical industry, benefitting from improving government medical resources and medical insurance system, aging population, increasing health awareness and affordability of the general public, there is still enormous room for the development of the medical and pharmaceutical market in China. On the whole, China's pharmaceutical sectors will still maintain long-lasting and steady growth. However, as to chemical pharmaceutical segment of the industry, the excessive production capacity and quality homogenisation across brands have resulted in increasingly fierce competition among firms. To counter this tendency, the Group will build on previous success, learn from previous experience and concentrate its resources to perform the following tasks in 2015 in a more efficient manner:

1) As to system specific medicines business, the Group will adjust its sales strategies and measures discreetly and appropriately according to market situation of each series of products so as to increase penetration rate to existing first-tier markets and expand the presence in lower-tier markets in hope of a more extensive and consolidate market coverage and a more sound development momentum of the Group's system specific medicine sales.

2) As to cephalosporin antibiotics business, ever since the relevant production workshops of the Group passed GMP certifications, the Group has been all along making all-out efforts to improve product quality and stability, and curb production cost from all perspectives to enhance the market competitiveness of the Group's cephalosporin antibiotics products along the whole industry chain. Moreover, production and supply of intermediates will be arranged by focusing mainly on meeting internal demand, but also taking external sales as a supplement, in an effort to improve operational flexibility and business dynamics.

3) Amid a macroscopic tendency featuring diminishing profitability in the chemical pharmaceutical industry, businesses need to make all-out efforts to prolong market lifecycle of existing products, and more importantly launch more new products with frequent supply and higher success rate in commercialisation, which will play a key role for a company's sustained growth. The Group will keep a close eye on disease tendencies among the public and strengthen our R&D capability by all means and channels on the basis of our financial resources and business development, in an effort to enrich the size of our new product reserve of system specific medicines and cephalosporin antibiotics medicines.

The Group's management team will continue to practice its time-honoured pragmatic style of operation, aim at the long-term shareholder interest, make prudent decisions and focus on our core business. Meanwhile, the team will continue to recruit outstanding talents, optimise management system in a bid to create reasonable returns for the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION AND SALES

For the year ended 31 December 2014, the Group's production and sales volume of bulk medicines decreased by 61.3% and 46.8% respectively, in comparison to the corresponding period of last year,the production and sales volume of cephalosporin powder for injection decreased by 65.8% and 40.6% respectively over the same period of last year, and the production and sales volume of the solid-dosage-forms increased by 8.5% and 19.0% respectively over the corresponding period of last year. In particular, the production and sales volume of "An" (安) series varieties increased by 8.8% and 23.2% respectively over the same period of last year, while the production and sales volume of "Leiyide" (雷易得) (Entecavir Dispersible Tablets) increased by 80.4% and 66.7% respectively over the same period of last year. As for the international business, the Group kept expanding its overseas markets and proactively sought international business, which resulted in prosperous overseas sales that accounted for 11.6% of total sales volume of the Group.

NEW PRODUCTS AND PATENT LICENSING

1) In 2014, a total of twenty four declarations for registration were filed with the State and/or Provincial Food and Drug Administration; twenty four supplemental approval documents, one quality standard permit and one clinical trial permit were obtained.

2) Authorisation for one invention patent was obtained:
   On 21 May 2014, "A pharmaceutical composition containing telmisartan and amlodipine and the preparation method thereof" was granted authorisation with the authorisation number of ZL 201110135473.9.

HONORS AWARDED IN 2014

1) In February 2014, Entecavir Dispersible Tablet under the brand of "Leiyide" was credited by Suzhou Municipal Famous Brands Accreditation Committee (蘇州市名牌產品認定委員會) as Suzhou's famous-brand product.

2) In February 2014, the Jiangsu (Dawnrays) Engineering Research Centre for Anti-hypertensive and Antibiotic Medicines (江蘇省（東瑞）抗高血壓及抗生素類藥物工程技術研究中心) was recognized by the Joint Meeting for Promoting the Construction of the Research and Development Institutions of Enterprises in Jiangsu Province (江蘇省推進企業研發機構建設工作聯席會議) as a key research and development institution of enterprise in Jiangsu Province.

3) In July 2014, the bulk medicine and tablets under the brand of "Anneizhen"(安內真) of Amlodipine Besylate were credited by Science and Technology Department of Jiangsu Province(江蘇省科學技術廳) as hi-tech products of Jiangsu Province.

QUALITY SYSTEM CERTIFICATIONS IN 2014

In October 2014, Suzhou Dawnrays Pharmaceutical Co., Ltd. passed renewal audit on ISO9001, ISO14001 and OHSAS18001 conducted by NQA.

CONSTRUCTION PROJECT OF PRODUCTION FACILITIES

In 2014, Suzhou Dawnrays Pharmaceutical Co., Ltd.'s production workshops for bulk medicines and powder for injections passed validation inspections and obtained new GMP Certificates.

FINANCIAL REVIEW

SALES AND GROSS PROFIT

For the year ended 31 December 2014, the Group recorded a turnover of approximately RMB783,803,000, representing a decrease of 14.3% or drop of RMB131,170,000 compared with the corresponding period of last year. In the turnover, sales of system specific medicines increased by RMB122,674,000, representing an increase of 30.3% compared with the corresponding period of last year. Sales of the cephalosporin antibiotics product line decreased by RMB252,277,000, representing a decrease of 50.9% compared with the corresponding period of last year.

Sales amount of finished drugs, comprising system specific medicines, powder for injection and tablets of cephalosporin and other oral solid-dosage-forms of antibiotics, reached approximately RMB633,771,000. Taking into account of the total turnover, sales amount of finished drugs, was approximately 80.9% which was increased by 20.8 percentage points compared with the corresponding period of last year. Sales amount of the "An" (安) series for treating hypertension accounted for 47.8% of sales of finished drugs. Sales amount of "Leiyide" (雷易得) for treating hepatitis B accounted for 28.0% of sales of finished drugs. Sales amount of "Xikewei" (西可韋) and "Xikexin" (西可新) for treating allergies accounted for 5.6% of sales of finished drugs.

Among the cephalosporin antibiotics product line, sales amount of intermediates and bulk medicines decreased by 58.9% compared with the corresponding period of last year. As for finished drugs, sales amount of cephalosporin powder for injection declined by 35.2% compared with the corresponding period of last year, and sales amount of oral cephalosporin increased by 22.4% compared with the corresponding period of last year.

Gross profit was approximately RMB459,919,000 which was increased by RMB56,671,000 compared with the corresponding period of last year, representing an increase of 14.1%. Gross profit margin was increased by 14.6 percentage points to 58.7% from 44.1% as in the corresponding period of last year. The main reason for the increase in gross profit margin was attributable to further optimization of product portfolio. The sales of high gross profit system specific medicines maintained steady growth continually. Sales amount of "Leiyide" increased by 65.5% compared with the corresponding period of last year. Sales amount of "An" (安) series increased by 21.0% compared with the corresponding period of last year.

TABLE OF TURNOVER ANALYSIS

PRODUCT	TURNOVER			SALES BREAKDOWN		
	(RMB'000)	(RMB'000)	(RMB'000)	(%)	(%)	Percentage points
	2014	2013	Changes	**2014**	2013	Changes
Intermediates and Bulk Medicines	**150,032**	364,818	-214,786	**19.1**	39.9	-20.8
Finished Drugs	**633,771**	550,155	83,616	**80.9**	60.1	20.8
Overall	**783,803**	914,973	-131,170	**100.0**	100.0	0.0

EXPENSES

During the year, the total expenses incurred were approximately RMB219,754,000, equivalent to 28.0% of turnover (2013: 25.3%). The total expenses decreased by approximately RMB11,725,000 compared with the corresponding period of last year which was RMB231,479,000. Due to enhancement of control in selling expenses, the selling and distribution expenses decreased by approximately RMB13,337,000 compared with the corresponding period of last year.

SEGMENT PROFIT

For the year ended 31 December 2014, the segment profit of finished drugs segment was approximately RMB381,250,000, which was increased by approximately RMB91,191,000 when compared with the corresponding period of last year which was RMB290,059,000. The segment results of intermediates and bulk medicines segment recorded losses of approximately RMB30,769,000. The increase of loss by RMB14,785,000 compared with the corresponding period of last year was mainly due to the high provision for inventory impairment, which mainly caused by the relatively high production cost under decreased production volume when the Group's several workshops were experienced GMP renovation, and suspension of operations during the period. As the renovated workshops obtained the new GMP certificate in December 2014, the bulk medicines production capacity recovered progressively.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2014, profit attributable to owners of the parent amounted to approximately RMB205,145,000, achieved an increase of RMB52,046,000 or 34.0% growth compared with the corresponding period of last year. Such substantial increase was mainly because the sales of system specific medicines still remained fast growth.

ANALYSIS ON THE RETURN ON ASSETS

As at 31 December 2014, net assets attributable to owners of the parent were approximately RMB1,248,280,000. The return on net assets, which is defined as the profit attributable to owners of the parent divided by net assets attributable to owners of the parent, was 16.4% (2013: 14.0%). The current ratio and quick ratio was 2.43 and 2.22 respectively. Turnover days for trade receivables were approximately 51 days. The turnover days for trade receivables including bills receivables were 133 days. Turnover days for inventory were approximately 135 days.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group held cash and cash equivalents of approximately RMB443,366,000 (as at 31 December 2013: RMB205,771,000). During the year, the net cash flows from operating activities was approximately RMB377,798,000 (2013: RMB231,262,000). Net cash flows used in investing activities was approximately RMB46,668,000 (2013: RMB83,066,000). Net cash flows used in financing activities was approximately RMB96,764,000 (2013: RMB95,130,000).

As at 31 December 2014, the Group had aggregate bank facilities of approximately RMB844,790,000 (as at 31 December 2013: RMB913,073,000), of which, bank facilities of HK$106,750,000 were secured by corporate guarantee of the Company or its subsidiaries. Of the aggregate bank facilities, including a mortgage loan of HK$12,115,000 and short term bank loans of HK$222,750,000 in total, which were subject to the arrangement of floating interest rate. The loan interest rate ranged from HIBOR plus 0.9% to 1.5%. The time deposits of approximately RMB185,983,000 were pledged to bank to secure captioned short term bank loans. As at 31 December 2014, the debt ratio (defined as sum of interest-bearing bank loans over total assets) of the Group was 11.1% (as at 31 December 2013: 14.4%).

As at 31 December 2014, the Group had the inventory balance of RMB87,581,000 (as at 31 December 2013: RMB155,887,000).

As at 31 December 2014, the Group's capital commitments amounted to approximately RMB26,523,000 (as at 31 December 2013: RMB91,355,000), which mainly derived from the construction for the workshop for non-cephalosporin solid-dosage-forms preparation in Hedong Industrial Park of Suzhou Dawnrays Pharmaceutical Co., Ltd. The Group has sufficient financial and internal resources to bear the capital expenditure.

Save as aforesaid disclosure, the Group had no significant external investments or material acquisitions or disposal of subsidiaries and associated companies during the year.

FOREIGN EXCHANGE AND TREASURY POLICIES

The Group's substantial business activities, assets and liabilities are denominated in Renminbi, the risk derived from the foreign exchange to the Group is not high. The treasury policy of the Group is to manage any risk of foreign exchange or interest rate (if any) only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange and interest rate market, and may hedge against foreign currency risk with foreign exchange forward contracts and interest rate risk with interest rate swap contracts if necessary.

STAFF AND REMUNERATION POLICY

As at 31 December 2014, the Group employed approximately 950 employees and the total remuneration was approximately RMB93,465,000 (2013: RMB102,459,000). The Group regards human resources as the most valuable assets and truly understands the importance of attracting and retaining high-performance employees. The remuneration policy is generally based on the references of market salary index and individual qualifications. The Group provides its employees with other fringe benefits, including defined contribution retirement schemes, share option scheme and medical coverage. The Group also offers some of its employees stationed in the PRC with dormitory accommodation.

CHARGES ON ASSETS

As at 31 December 2014, the Group's assets with net book value of approximately RMB214,715,000 were pledged to banks to secure credit facilities granted to its subsidiaries (as at 31 December 2013: RMB285,320,000).

CONTINGENT LIABILITIES

As disclosed by the Company's 2013 Annual Report, a subsidiary of the Group was involved with two litigation cases of disputes over the balance payment for a construction project in 2012. The lawsuits have been finalised through legal proceedings and both parties have resolved the dispute according to court verdict.

As at 31 December 2014, the Group had no material contingent liabilities.

PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Save for those disclosed above in connection with capital commitments under the section "Liquidity and Financial Resources", the Group does not have any plan for material investments or acquisition of capital assets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code ("Corporate Governance Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (the "Listing Rules") for the year ended 31 December 2014.

Ms. Li Kei Ling, the chairman of the Board was appointed to succeed Ms. Huang Dongmei as the chief executive officer of the Company from 1 March 2015. After the appointment, the roles of the chairman of the Board and the chief executive officer are performed by the same individual, which is a non-compliance to the Code Provision A.2.1 of the Corporate Governance Code. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues relating to the operations of the Company. The Board believes that the structure enables the Group to make and implement decision promptly and efficiently which will be beneficial to the Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of all Directors, the Company confirms that all the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the 2014 annual report.

AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2014 have been reviewed by the Audit Committee before recommending them to the Board for approval.

DIVIDEND AND CLOSURE OF REGISTER

The Board has resolved to recommend the payment of a final dividend of HK$0.085 per share payable to shareholders whose names appear in the Register of Members of the Company on Friday, 29 May 2015. The proposed final dividend of HK$0.085 per share, the payment of which is subject to approval of the shareholders at the 2015 AGM of the Company to be held on Friday, 22 May 2015, is to be payable on Tuesday, 9 June 2015 to shareholders.

The register of members of the Company will be closed during the following periods:

(i) from Wednesday, 20 May 2015 to Friday, 22 May 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 AGM. In order to be eligible to attend and vote at the 2015 AGM, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged for registration not later than 4:30 p.m. on Tuesday, 19 May 2015 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(ii) from Thursday, 28 May 2015 to Friday, 29 May 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged for registration not later than 4:30 p.m. on Wednesday, 27 May 2015 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

APPRECIATION

Meanwhile, I would like to take this opportunity to express my appreciation for the understanding, coordination and support from the Company's shareholders and directors and the Group's business partners, management personnel and all staff for my work in the previous year.

By Order of the Board
Li Kei Ling
Chairman

Hong Kong, 17 March 2015

As at the date of this announcement, the Board of the Company comprises three executive directors, namely Ms. Li Kei Ling, Mr. Hung Yung Lai and Mr. Li Tung Ming; one non-executive director, namely Mr. Leung Hong Man; three independent non-executive directors, namely Mr. Pan Xue Tian, Mr. Choi Tat Ying Jacky and Mr. Lo Tung Sing Tony.