Dragonite International Limited
叁龍國際有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 329)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Dragonite International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 (the "Year") together with the comparative figures for the corresponding year in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014**	**2013**
		HK$'000	*HK$'000*
			(restated)
Continuing operations			
Turnover			
Sales of goods	3	33,272	20,195
Cost of goods sold		(21,736)	(12,678)
		11,536	7,517
Dividend income	3	711	655
Interest income from loans receivable	3	7,528	1,660
Change in fair value of financial assets at fair value through profit or loss	3	451,999	169,772
		471,774	179,604
Other income		19,967	3,754
Other gains and losses		6,649	3,810
Selling and distribution costs		(23,894)	(1,830)
Administrative expenses		(71,510)	(24,932)
Other expenses		(24,627)	(6,309)
Profit before tax		378,359	154,097
Income tax expense	4	(51,963)	(1,147)
Profit for the year from continuing operations	5	326,396	152,950
Discontinued operations			
(Loss) profit for the year from discontinued operations		(4,731)	415,214
Profit for the year		321,665	568,164
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		(8,069)	4,281
Total comprehensive income for the year		313,596	572,445
Earnings per share	7		
From continuing and discontinued operations			
- Basic		HK$0.30	HK$0.56
- Basic and diluted		N/A	HK$0.56
From continuing operations			
- Basic		HK$0.31	HK$0.15
- Basic and diluted		N/A	HK$0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2014

	NOTES	**2014** *HK$'000*	**2013** *HK$'000*
Non-current assets			
Property, plant and equipment		29,598	29,499
Investment property		—	140,000
Available-for-sale investments		294,250	—
Deferred consideration		—	61,573
Prepaid lease payments		2,526	2,627
Deposits paid for acquisition of property, plant and equipment		—	3,339
		326,374	237,038
Current assets			
Inventories		21,019	4,889
Financial assets at fair value through profit or loss		266,528	599,317
Trade receivables	8	2,359	2,165
Loans receivable		137,497	90,474
Deposits, prepayments and other receivables		4,527	7,001
Deferred consideration		69,849	104,871
Prepaid lease payments		82	82
Bank balances and cash		83,697	37,614
		585,558	846,413
Current liabilities			
Trade payables	9	1,305	2,869
Accruals and other payables		36,684	33,911
Derivative financial instruments		—	19,220
Taxation payable		36,638	41,577
		74,627	97,577
Net current assets		510,931	748,836
Total assets less current liabilities		837,305	985,874
Non-current liability			
Deferred tax liability		14,723	—
NET ASSETS		822,582	985,874
Capital and reserves			
Share capital		10,598	2,120
Reserves		811,984	983,754
TOTAL EQUITY		822,582	985,874

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Share premium account	Shareholders' contribution	Translation reserve	Share option reserve	Non-distributable reserves	Merger reserve	Special reserves	Retained earnings	Attributable to owners of the Company
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note a)			*(note b)*	*(note d)*	*(note c)*		
At 1 January 2013	1,060	123,744	21,780	95,160	8,716	24,737	(1,016,738)	3,142	1,048,844	310,445
Profit for the year	—	—	—	—	—	—	—	—	568,164	568,164
Other comprehensive income for the year	—	—	—	4,281	—	—	—	—	—	4,281
Total comprehensive income for the year	—	—	—	4,281	—	—	—	—	568,164	572,445
Issue of new shares upon rights issue	1,060	104,915	—	—	—	—	—	—	—	105,975
Transaction costs attributable to issue of shares	—	(2,991)	—	—	—	—	—	—	—	(2,991)
Transfer of translation reserve to retained earnings upon disposal of subsidiaries	—	—	—	(13,902)	—	—	—	—	13,902	—
Transfer upon lapse of share options	—	—	—	—	(8,716)	—	—	—	8,716	—
At 31 December 2013	2,120	225,668	21,780	85,539	—	24,737	(1,016,738)	3,142	1,639,626	985,874
Profit for the year	—	—	—	—	—	—	—	—	321,665	321,665
Other comprehensive expense for the year	—	—	—	(8,069)	—	—	—	—	—	(8,069)
Total comprehensive (expense) income for the year	—	—	—	(8,069)	—	—	—	—	321,665	313,596
Issue of new shares upon bonus issue	8,478	(8,478)	—	—	—	—	—	—	—	—
Transfer of reserves to retained earnings upon disposal of subsidiaries	—	—	(21,780)	(16,417)	—	—	1,016,738	—	(978,541)	—
Dividends paid *(Note 6)*	—	—	—	—	—	—	—	—	(476,888)	(476,888)
At 31 December 2014	10,598	217,190	—	61,053	—	24,737	—	3,142	505,862	822,582

Notes:

(a) Shareholders' contribution represents the amounts contributed by shareholders of Tre 29 Investment (Holdings) Limited (formerly known as "Ruyan Investment (Holdings) Limited") ("Tre 29") during the year ended 31 December 2007. The shareholder's contribution is transferred to retained earnings upon disposal of Tre 29 during the year ended 31 December 2014.

(b) The non-distributable reserve represents statutory reserves appropriated from profit after tax of the Company's subsidiary in The People's Republic of China ("PRC") under the PRC laws and regulations.

(c) The special reserve of the Group represents reserve arising pursuant to a group reorganisation that was effected during the year ended 31 December 2000.

(d) The merger reserve represents (i) the share capital of Tre 29 (ii) the carrying amount of equity interest in Tre 29 held by the non-controlling parties and (iii) the fair value of the considerations paid for acquisition of Tre 29 under the group reorganisation that was effected during the year ended 31 December 2007. The merger reserve is transferred to retained earnings upon the disposal of Tre 29 during the year ended 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands and Suite 3205, 32/F., Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in production and sales of a series of health care products, pharmaceutical products, securities trading and investments, property investment, money lending and trading of wine in Hong Kong. During the Year, the Company ceased the operation of property investment in Hong Kong upon disposal of Central Town Limited.

The functional currency of the Company is Hong Kong dollars ("HK$").

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

In the current year, the Group has applied the following amendments and interpretation (new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) - INT 21	Levies

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[8]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[5]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements 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 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

(3) SEGMENT INFORMATION

The Group's executive directors are the chief operation decision makers as they collectively make strategic decisions towards the Group's operations. During the Year, the Group started trading of wine business and executive directors considered this is a separate reportable and operating segment to the Group.

The Group's reportable and operating segments under HKFRS 8 are therefore as follows:

(a) health care products, which are mainly represented by ginseng products

(b) pharmaceutical products, which are mainly represented by licensed medicines

(c) securities trading and investments

(d) money lending

(e) trading of wine

During the Year, operation regarding property investment in Hong Kong was discontinued due to the disposal of the related subsidiaries. The segment information reported below does not include any amounts of the discontinued operation.

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For the year ended 31 December 2014

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Trading of wine	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations						
Segment turnover						
Sales of goods	2,716	20,296	—	—	10,260	33,272
Change in fair value of financial assets at fair value through profit or loss	—	—	451,999	—	—	451,999
Dividend income	—	—	711	—	—	711
Interest income from loans receivable	—	—	—	7,528	—	7,528
	2,716	20,296	452,710	7,528	10,260	493,510
Segment (loss) profit	(15,481)	2,136	452,581	6,904	1,470	447,610
Other income						19,967
Change in fair value of derivative financial instruments						19,220
Unallocated corporate and other expenses						(98,048)
Loss on disposal of subsidiaries						(10,390)
Profit before taxation (continuing operations)						378,359

For the year ended 31 December 2013 (restated)

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Segment turnover					
Sales of goods	762	19,433	—	—	20,195
Change in fair value of financial assets at fair value through profit or loss	—	—	169,772	—	169,772
Dividend income	—	—	655	—	655
Interest income from loans receivable	—	—	—	1,660	1,660
	762	19,433	170,427	1,660	192,282
Segment (loss) profit	(2,553)	1,606	170,362	760	170,175
Other income					3,754
Change in fair value of derivative financial instruments					(1,888)
Unallocated corporate and other expenses					(24,022)
Gain on disposal of subsidiaries					6,078
Profit before taxation (continuing operations)					154,097

Segment turnover from continuing operations includes proceeds from sales of goods, change in fair value of financial assets at fair value through profit or loss (excluding derivative financial instruments), dividend income and interest income from loans receivable.

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of other income, change in fair value of derivative financial instruments, (loss) gain on disposal of subsidiaries and unallocated corporate expenses and other expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

As at 31 December 2014

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Trading of wine	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS						
Segment assets	41,801	15,052	560,778	137,497	205	755,333
Deferred consideration						69,849
Property, plant and equipment						1,375
Other receivables						1,678
Bank balances and cash						83,697
Consolidated total assets						911,932
LIABILITIES						
Segment liabilities	18,902	14,474	—	316	—	33,692
Other payables						4,297
Taxation payable						36,638
Deferred tax liability						14,723
Consolidated total liabilities						89,350

As at 31 December 2013 (restated)

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	26,164	16,391	601,320	90,474	734,349
Assets relating to discontinued operation					141,141
Deferred consideration					166,444
Property, plant and equipment					2,052
Other receivables					1,851
Bank balances and cash					37,614
Consolidated total assets					1,083,451
LIABILITIES					
Segment liabilities	4,084	15,161	—	—	19,245
Liabilities relating to discontinued operation					820
Derivative financial instruments					19,220
Other payables					16,715
Taxation payable					41,577
Consolidated total liabilities					97,577

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain other receivables, deferred consideration and bank balances and cash.

- all liabilities are allocated to reportable and operating segments, other than derivative financial instruments, certain other payables, taxation payable and deferred tax liability.

Other segment information

Amounts included in measure of segment profit or loss or segment assets:

For the year ended 31 December 2014

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Trading of wine	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations							
Addition to property, plant and equipment	127	4,013	—	—	—	1,656	5,796
Depreciation of property, plant and equipment	2,111	1,089	—	—	—	179	3,379
Amortisation of prepaid lease payments	85	—	—	—	—	—	85
Allowance for obsolescence inventory	12	—	—	—	—	—	12
Allowance for bad and doubtful debts	773	1,039	—	—	—	—	1,812
Loss on disposal of property, plant and equipment	104	5	—	—	—	260	369

For the year ended 31 December 2013 (restated)

	Health care products	Pharmaceutical products	Securities trading and investments	Money lending	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations						
Addition to property, plant and equipment	234	3,657	—	—	—	3,891
Depreciation of property, plant and equipment	2,054	395	—	—	292	2,741
Amortisation of prepaid lease payments	84	—	—	—	—	84
Allowance for obsolescence inventory	—	2,461	—	—	—	2,461
Allowance for bad and doubtful debts	—	380	—	—	—	380

Turnover from continuing operations on major products

	2014	2013
	HK$'000	*HK$'000*
Health care products	2,716	762
Pharmaceutical products	20,296	19,433
Wine products	10,260	—
	33,272	20,195

Information about major customers

There is no single customer contributing over 10% of total sales from continuing operations of the Group for the year ended 31 December 2014 and 2013.

Geographical information

The Group's revenue from continuing operatings by location of operations and its non-current assets by geographical location of the assets (excluding financial assets) are detailed below:

	Revenue		Non-current assets	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PRC	21,642	20,195	30,749	35,465
Hong Kong	471,868	172,087	1,375	140,000
	493,510	192,282	32,124	175,465

(4) INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax	36,491	—
PRC Enterprise Income Tax	749	1,147
Deferred tax charged	14,723	—
	51,963	1,147

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

No Hong Kong Profits Tax was payable by the Company or its subsidiaries operated in Hong Kong for the year ended 31 December 2013 since they had no assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The applicable income tax rate is changed to 16.5% for the year ended 31 December 2014 as the majority of operating activities of the Group were carried in Hong Kong.

(5) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2014	**2013**
	HK$'000	*HK$'000*
		(restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments		
- fees and other emoluments	24,119	4,858
Other staff costs		
- salaries, allowances and bonus	12,424	5,678
- retirement benefits scheme contributions	1,571	1,197
	38,114	11,733
Amortisation of prepaid lease payments	85	84
Cost of inventories recognised as an expense (Note 1)	21,736	12,678
Auditor's remuneration	1,750	1,700
Depreciation of property, plant and equipment	3,379	2,741
Operating lease rentals in respect of land and buildings	10,563	4,419
Advertising expenses (included in selling and distribution costs) (Note 2)	13,528	356
Interest income from bank balances (included in other income)	(225)	(50)
Imputed interest income from deferred consideration (included in other income)	(19,655)	(3,625)
Legal and professional expenses (included in other expenses)	8,505	6,309
Travelling expenses (included in other expenses)	8,736	—
Entertainment expenses (included in other expenses)	6,846	—
Donation	10,880	880

Notes:

(1) An allowance for obsolescence inventories of HK$12,000 (2013: HK$2,461,000) included in the cost of inventories recognised as an expense which representing certain slow-moving finished goods regarding pharmaceutical, health care and personal care products (2013: pharmaceutical products).

(2) Amount represented the advertising expenses on developing and promoting the health care products.

(6) DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2014 Interim - HK$2.25 per share (before the adjustment on number of shares outstanding upon bonus issue)	476,888	—

On 7 August 2014, the directors of the Company declared an interim dividend in respect of the year ended 31 December 2014 of HK$2.25 per share (before the adjustment on number of shares outstanding upon bonus issue). The interim dividend was paid to the shareholders on 1 September 2014.

No final dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period.

(7) EARNINGS PER SHARE

For continuing and discontinued operations

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

Earnings

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	321,665	568,164

Number of shares

	2014	2013
	'000	*'000*
		(restated)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,059,750	1,022,223

The weighted average number of ordinary shares for the purposes of basic and diluted earnings per share has been adjusted for the bonus issue on 17 September 2014 and the bonus element of the rights issue on 7 February 2013.

No diluted earnings per share information has been presented as there were no potential ordinary shares outstanding for the year ended 31 December 2014.

The computation of diluted earnings per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options during the year as the exercise price of those options was higher than the average market price for shares for that year.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2014	**2013**
	HK$'000	*HK$'000*
		(restated)
Earnings are calculated as follows:		
Profit for the year attributable to the owners of the Company	321,665	568,164
Less: loss (profit) for the year from discontinuing operations	4,731	(415,214)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	326,396	152,950

The denominators used are the same as those detailed above for basic and diluted earnings per share.

From discontinued operations

Basic and diluted loss per share from discontinued operations is HK$0.01 per share (2013: earnings per share of HK$0.50 per share as restated), based on the loss for the year from discontinued operations of HK$4,731,000 (2013: profit of HK$415,214,000 as restated) and the denominators detailed above for basic and diluted (loss) earnings per share.

(8) TRADE RECEIVABLES

	2014	**2013**
	HK$'000	*HK$'000*
Trade receivables	26,485	64,089
Less: Allowance for doubtful debts	(24,126)	(61,924)
	2,359	2,165

The Group allows an average credit period from 60 to 270 days to its trade customers.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2014	**2013**
	HK$'000	*HK$'000*
0 to 60 days	2,071	1,955
61 to 90 days	103	175
91 to 180 days	147	25
181 to 270 days	38	10
	2,359	2,165

The receivables with a carrying amount of HK$2,359,000 (2013: HK$2,165,000) which are neither past due nor impaired at the end of the reporting date for which the Group believes that the amounts are considered recoverable because the receivables are related to a number of independent customers that have good repayment records with the Group.

(9) TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 30 - 60 days.

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
0 to 30 days	—	61
31 to 60 days	—	—
61 to 90 days	—	—
Over 90 days but less than 1 year	—	41
Over 1 year	1,305	2,767
	1,305	2,869

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded an audited consolidated net profit of approximately HK$321,665,000 for the Year (2013: approximately HK$ 568,164,000) which was mainly attributable to both the net realized and unrealized gain of approximately HK$451,999,000 (2013: approximately HK$169,772,000) on change in fair value of financial assets at fair value through profit or loss ("FAFVPL"). Turnover from the continuing operations of the Group for the Year was approximately HK$493,510,000 (2013: approximately HK$192,282,000 (restated)), representing an increase of approximately 156.7%. The net asset value of the Group decreased from approximately HK$985,874,000 as at 31 December 2013 to approximately HK$822,582,000 as at 31 December 2014, representing a 16.6% decrease, mainly due to an interim dividend of approximately HK$476,888,000 paid in September 2014.

Health Care Products

Turnover generated from both the ginseng products and "Rainbow" store for the Year amounted to approximately HK$2,716,000 (2013: approximately HK$762,000 for ginseng product). During the Year, the Group revamped the ginseng products and refined the packaging of its flagship product, Chenlong Baoling Longevity Ginseng. In 2014, the Group re-launched the ginseng products in cities within Zhejiang province in the PRC to capture the peak season in the fourth quarter. Moreover, the retail store "Rainbow" selling wide range of pharmaceutical, health care and personal care products as well as wines also enhanced the turnover. The loss of approximately HK$15,481,000 (2013: approximately HK$2,553,000) recorded for the Year in this business segment was mainly due to the promotion expenses incurred for ginseng products.

Pharmaceutical Products

During the Year, majority of the sales of pharmaceutical products was contributed by two key products, Azithromycin Granules (II) (「阿奇黴素顆粒 (II)」) and Rosiglitazone Hydrochloride Capsules (「鹽酸吻格列酮膠囊」). The sales performance of pharmaceutical products for the Year was stable and its turnover for the Year was approximately HK$20,296,000, representing an increase of 4.4% from approximately HK$19,433,000 as compared with previous financial year. The segment profit for the Year slightly increased to approximately HK$2,136,000 (2013: approximately HK$1,606,000).

Securities Trading and Investments

During 2014, the market interest rate remained static at low level. The Group continued to invest its surplus cash in securities market with an aim to capture future appreciation of share price and as a treasury function. Market value of the Group's securities portfolio was appreciated and the net unrealized gain on the change in fair value of FAFVPL for the Year amounted to approximately HK$91,000,000 (2013: approximately HK$148,378,000). The net realized gain from its securities trading and investments during the Year amounted to approximately HK$360,999,000 (2013: approximately HK$21,394,000).

Other investments

During the Year, the Group subscribed new shares of two unlisted investment holding companies for approximately 2.5% shareholding interest and approximately 4.7% shareholding interest at the subscription price of approximately HK$137.5 million and approximately HK$156.8 million respectively. Both companies are incorporated in the Cayman Islands with limited liability and principally engaged in securities trading and investments, provision of financial services and investment holding. Such unlisted securities investments were included in available-for-sale investments for the Year.

Property Investment

Prior to the completion of the disposal (the "Disposal") of the entire issued share capital of and the shareholder's loan to Central Town Limited and its subsidiaries (the "Central Town Group") in May 2014, the Group owned the premises (the "Investment Property") situated at the Basement of China United Centre, located at 28 Marble Road, North Point, Hong Kong. The Investment Property was leased out to generate rental income and the Group recorded a segment turnover of HK$2,050,000 for the Year (2013: HK$4,920,000). Following the Disposal, the Group has no longer owned the Investment Property and property investment has become a discontinued operation of the Group.

Money Lending

During the Year, the Group continued to utilize part of its surplus cash to provide short-term financing to individual borrowers. During the Year, interest income generated from money lending business amounted to approximately HK$7,528,000 (2013: approximately HK$1,660,000), representing an increase of approximately 353.5%. Loan receivables increased from approximately HK$90,474,000 as at 31 December 2013 to approximately HK$137,497,000 as at 31 December 2014.

Wine Trading

During the Year, the Group set up a wholly owned subsidiary to engage in wine trading business. Such start-up has entered into respective distribution agreements with six wine suppliers, all of which are chateau located in Bordeaux, France and has also entered into two agency agreements with two corporate clients, one from Taiwan and the other one from China. The Group aims to focus on the PRC (including Hong Kong and Taiwan) market and also to capture the demand of corporate clients who purchase wines in relatively large quantities. Since the third quarter of 2014, the Group has commenced selling wine products and the Group recorded turnover from wine trading business in an amount of approximately HK$10,260,000 for the Year (2013: HK$Nil). Profit attributable to this business segment amounted to HK$1,470,000 for the Year (2013: HK$Nil).

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 31 December 2014, the Group did not have any secured bank borrowings (31 December 2013: Nil). Gearing ratio of the Group remained zero for both years. Cash and bank balances amounted to approximately HK$83,697,000 (31 December 2013: approximately HK$37,614,000) and total assets were approximately HK$911,932,000 (31 December 2013: approximately HK$1,083,451,000) as at 31 December 2014. Net current assets of the Group on the same date amounted to approximately HK$510,931,000 (31 December 2013: approximately HK$748,836,000). As at 31 December 2014, inventories amounted to approximately HK$21,019,000, representing an increase of approximately HK$16,130,000 compared with the amount as at 31 December 2013. The Group had no material capital commitment as at 31 December 2014.

On 17 September 2014, the Company issued a total of 847,799,936 bonus shares of HK$0.01 each on the basis of four bonus shares for every share of the Company.

As at 31 December 2014, the issued share capital of the Company was 1,059,749,920 shares of HK$0.01 each.

FOREIGN EXCHANGE RISKS

The Group's operations conducted in the PRC are mainly settled in Renminbi while wine trading billings are mainly settled in Euro. However, securities trading and investments, money lending, and property investment are conducted in Hong Kong Dollar. Therefore, the Group is only exposed to fluctuations in foreign exchange rate to a certain extent. Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

PROSPECTS FOR THE YEAR 2015 AND DEVELOPMENT PLAN

Facing to the competition from imported goods, the Group aims to maintain the present market share of its pharmaceuticals products in the PRC for Year 2015 and continues to exercise efficient control over production costs and quality. It is expected that the sales performance of Chenlong Baoling Longevity Ginseng products may improve in future as the Group has enhanced its sales network in Zhejiang province by signing distribution agreements with a number of shops and stores there. The Group will evaluate and if feasible, will allocate more resources on marketing promotion of ginseng products in the PRC.

In view of the increasing demand from the PRC market, the Group believes that sales performance of wine trading will grow in the future. On the other hand, the Group will explore and appraise the opportunities in wine investments and/or chateau investments as strategic developments of the Group. In addition, the Group has switched its focus from selling health care products to wines in its retail store in order to broaden its income stream and to gain more retail experience of wine products in local market.

Apart from the existing core businesses, the Group intends to identify new investment opportunities and principal business. The Board will continue to explore new projects so as to diversify the business of the Group and to achieve better return in future. In addition, the Group will continue to appraise both the long term and short term investments in the capital market if and when opportunities arise.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 9 January 2014, the Group acquired from an independent third party the entire interest of King Delight Holdings Limited which holds 100% equity interests of Rainbow Pharmacy Co., Limited ("Rainbow"), a limited company incorporated in Hong Kong, at a cash consideration of HK$800,000. Rainbow was principally engaged in operation of a western pharmacy in Hong Kong.

On 14 May 2014, the Group completed the disposal of the entire issued share capital of and shareholder's loan to Central Town Group at the consideration of HK$140,000,000.

On 24 July 2014, the Group acquired from an independent third party the entire issued share capital of Ample Spring International Limited at the consideration of HK$23.5 million for an available-for-sale investment and which was subsequently sold for the consideration of HK$11.25 million.

On 30 September 2014, the Group disposed of Tre 29 Holding Corporation and its subsidiaries to an independent third party at the consideration of HK$5,000,000 to streamline the corporate structure of the Group.

DIVIDEND

An interim dividend of approximately HK$476,888,000, representing HK$2.25 per share then held was paid on 1 September 2014. The directors do not recommend the payment of a final dividend for the Year (2013: Nil).

PLEDGE OF ASSETS

At 31 December 2014, margin facilities of approximately HK$121,810,000 (31 December 2013: approximately HK$280,964,000) from regulated securities brokers were granted to the Group which were secured by the Group's FAFVPL with the carrying amount of approximately HK$266,528,000 (31 December 2013: approximately HK$599,317,000).

CONTINGENT LIABILITIES

As at 31 December 2014, the Group was subject to a claim of approximately US$3 million from an external financial advisor in relation to the dispute as to the financial advisory service engaged for the disposal of Assets. The Group terminated the agreement with such external financial advisor before the disposal of Assets and the external financial advisor claimed against the Group for the minimum payment plus reimbursement of approximately US$3 million. No legal action has been taken against the Group and the directors of the Company are of the opinion that the Group shall have a valid and good defence against such claim. In view of this, there is no provision provided for the Year.

EMPLOYEE POLICY

As at 31 December 2014, the Group employed approximately 107 employees in the PRC and Hong Kong. Employee remuneration package is determined by their performance, experience, role, duties and responsibilities of the Group.

DISCLOSURE OF OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted the code provisions set out in the Corporate Governance Code (the "Code") as contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the Code during the Year, except the deviations from code provisions A.4.1 and A.6.7 of the Code.

Code provision of A.4.1 of the Code stipulates that non-executive directors shall be appointed for a specific term and be subject to re-election. Save as the appointments of Mr. Chang Tat Joel and Mr. Wong Stacey Martin, the Non-Executive Director and the Independent Non-Executive Directors of the Company have not appointed for a specific term of office, which constitutes a deviation from A.4.1 of the Code. However, all Non-Executive Director and Independent Non-Executive Directors are subject to retirement by rotation at the annual general meeting of the Company in accordance with the articles of association of the Company. The Board therefore considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the Code.

Under the code provision of A.6.7 of the Code, all non-executive directors and independent non-executive directors should attend general meetings of the Company and develop a balanced understanding of shareholders' view. Mr. Hon Lik, the Non-Executive Director of the Company was unable to attend the Company's annual general meeting and extraordinary general meeting held on 6 June 2014 and 1 September 2014 respectively due to other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors of the Company, they all confirmed that they have complied with the required standard set out in the Model Code during the Year.

AUDIT COMMITTEE

The annual financial results for the Year have been reviewed by the audit committee of the Company. The audit committee comprises three Independent Non-Executive Directors of the Company, namely Mr. Chang Tat Joel, Mr. Lam Man Sum, Albert and Mr. Wong Stacey Martin.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.dragonite.com.hk. The 2014 annual report will also be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.dragonite.com.hk and will be despatched to the shareholders of the Company in due course.

APPRECIATION

The Board would like to express our gratitude and sincere appreciation to all our business partners, management, staff members, and shareholders for their continuous support.

By order of the Board
Dragonite International Limited
Chan Mee Sze
Managing Director

Hong Kong, 20 March 2015

As at the date of this announcement, the Board comprises the following Directors:-

Executive Directors
Mr. Lee Kien Leong *(Chairman)*
Ms. Chan Mee Sze *(Managing Director)*
Mr. Lam Suk Ping

Independent non-executive Directors
Mr. Lam Man Sum, Albert
Mr. Chang Tat Joel
Mr. Wong Stacey Martin