DONGYUE FEDERATION

DONGYUE GROUP LIMITED
東岳集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 189)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR 2014 AND (2) CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS
(in RMB million, unless otherwise stated)

	Financial Year ended 31 December	
	2014	2013
Revenue	**7,600**	6,783
Gross Profit	**1,216**	1,096
Gross Profit Margin	**16.00%**	16.16%
Profit before Tax	**691**	562
Profit and Total Comprehensive Income	**497**	437
Profit and Total Comprehensive Income attributable to the Shareholders	**483**	466
Basic Earnings per Share (RMB)	**0.23**	0.22
Final Dividend per Share (HK$)	**0.09**	0.085

	As at	
	31 December 2014	31 December 2013
Total Equity	**5,898**	5,511
Net Assets per Share (RMB)	**2.78**	2.60

(1) Announcement of Annual Results for 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	**2014** ***RMB'000*** **(Audited)**	2013 *RMB'000* (Audited)
Revenue	*4*	**7,599,696**	6,782,814
Cost of sales		**(6,383,611)**	(5,686,752)
Gross profit		**1,216,085**	1,096,062
Other income	*5*	**290,501**	178,186
Distribution and selling expenses		**(251,209)**	(253,976)
Administrative expenses		**(289,791)**	(298,483)
Research and development expenses		**(73,398)**	(71,668)
Finance costs	*6*	**(201,441)**	(89,065)
Share of results of associates		**283**	445
Profit before tax		**691,030**	561,501
Income tax expense	*7*	**(194,034)**	(124,275)
Profit and total comprehensive income for the year	*8*	**496,996**	437,226
Profit and total comprehensive income (expense) attributable to:			
Owners of the Company		**483,276**	465,898
Non-controlling interests		**13,720**	(28,672)
		496,996	437,226
		RMB	*RMB*
Earnings per share	*9*		
– basic		**0.23**	0.22
– diluted		**0.23**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000 (Audited)	2013 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**4,456,865**	4,494,015
Prepayments for purchase of property, plant and equipment		**28,333**	54,556
Prepayments for land lease		**–**	367
Prepaid lease payments		**482,254**	562,117
Intangible assets		**169,110**	179,241
Interests in associates		**1,822**	17,038
Available-for-sale investments		**1,195,283**	195,283
Deferred tax assets		**159,473**	166,451
Goodwill		**85,894**	85,894
		6,579,034	5,754,962
Current assets			
Inventories		**799,861**	700,054
Properties for sale		**804,389**	569,488
Prepaid lease payments		**13,441**	15,272
Trade and other receivables	*11*	**1,906,478**	1,218,239
Entrusted loans		**370,000**	425,000
Pledged bank deposits		**185,145**	106,320
Bank balances and cash		**1,345,212**	1,243,296
		5,424,526	4,277,669
Current liabilities			
Trade and other payables	*12*	**1,972,619**	1,604,381
Deposits received from pre-sale of properties		**539,550**	438,784
Borrowings		**1,390,437**	866,474
Tax liabilities		**14,716**	16,736
Deferred income		**10,623**	12,797
		3,927,945	2,939,172
Net current assets		**1,496,581**	1,338,497
Total assets less current liabilities		**8,075,615**	7,093,459

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Capital and reserves		
Share capital	**200,922**	201,013
Reserves	**5,439,885**	5,065,836
Equity attributable to the owners of the Company	**5,640,807**	5,266,849
Non-controlling interests	**256,997**	243,979
Total equity	**5,897,804**	5,510,828
Non-current liabilities		
Deferred income	**234,422**	246,377
Deferred tax liabilities	**57,302**	50,164
Borrowings	**1,886,087**	1,286,090
	2,177,811	1,582,631
	8,075,615	7,093,459

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Share option reserve** *RMB'000*	**Merger reserve** *RMB'000*	**Capital reserve** *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2013 (audited)	201,111	1,238,838	270,825	(32,210)	101,098	627,139	2,541,514	4,948,315	278,543	5,226,858
Profit and total comprehensive income (expense) for the year	–	–	–	–	–	–	465,898	465,898	(28,672)	437,226
Transfer	–	–	–	–	–	71,926	(71,926)	–	–	–
Capital contribution from non-controlling interests	–	–		–	–	–	–	–	4,000	4,000
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(9,892)	(9,892)
Dividends paid	–	–	–	–	–	–	(219,428)	(219,428)	–	(219,428)
Recognition of equity-settled share-based payments	–	–	74,962	–	–	–	–	74,962	–	74,962
Shares repurchased and cancelled	(98)	(2,800)	–	–	–	–	–	(2,898)	–	(2,898)
Balance at 31 December 2013 (audited)	201,013	1,236,038	345,787	(32,210)	101,098	699,065	2,716,058	5,266,849	243,979	5,510,828
Profit and total comprehensive income for the year	–	–	–	–	–	–	483,276	483,276	13,720	496,996
Transfer	–	–	–	–	–	17,252	(17,252)	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	1,400	1,400
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(2,102)	(2,102)
Dividends paid	–	–	–	–	–	–	(143,315)	(143,315)	–	(143,315)
Recognition of equity-settled share-based payments	–	–	36,532	–	–	–	–	36,532	–	36,532
Shares repurchased and cancelled	(91)	(2,444)	–	–	–	–	–	(2,535)	–	(2,535)
Balance at 31 December 2014 (audited)	200,922	1,233,594	382,319	(32,210)	101,098	716,317	3,038,767	5,640,807	256,997	5,897,804

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 *RMB'000* (Audited)	2013 *RMB'000* (Audited)
OPERATING ACTIVITIES		
Profit before tax	**691,030**	561,501
Adjustments for:		
Finance costs	**201,441**	89,065
Interest income	**(233,787)**	(110,657)
Realisation of deferred income	**(23,266)**	(12,384)
Recognition of impairment on trade receivables	**852**	111
Depreciation and amortisation	**688,950**	561,195
Release of prepaid lease payments	**12,952**	12,869
Equity-settled share-based payment expenses	**36,532**	74,962
Write-down of inventories	**15,253**	5,890
Share of results of associates	**(283)**	(445)
Dividend income from available-for sale investments	**(2,535)**	(5,302)
Gain on disposal of an associate	**(36)**	–
Loss on disposals of property, plant and equipment	**26,733**	1,138
Operating cash flows before movements in working capital	**1,413,836**	1,177,943
Increase in inventories	**(115,060)**	(100,706)
Decrease in trade and other receivables	**(699,091)**	(179,350)
Increase in properties under development for sale	**(161,435)**	(169,666)
Increase in trade and other payables	**354,498**	152,752
Increase in deposits from pre-sale of properties	**100,766**	438,784
Increase in deferred income	**9,137**	29,402
Cash generated from operations	**902,651**	1,349,159
Income taxes and withholding tax paid	**(181,938)**	(234,829)
NET CASH FROM OPERATING ACTIVITIES	**720,713**	1,114,330

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
INVESTING ACTIVITIES		
Entrusted loans to third parties	**(1,078,500)**	(1,383,728)
Purchase of available-for-sale investments	**(1,000,000)**	(77,105)
Purchase of property, plant and equipment	**(635,218)**	(561,486)
Placement of pledged bank deposits	**(269,150)**	(138,212)
Payment for prepaid land lease	**(4,357)**	(168,388)
Purchase of intangible assets	**(1,254)**	(3,881)
Repayment of entrusted loans from third parties	**1,133,500**	1,358,728
Interest received	**233,787**	110,657
Proceeds from release of pledged bank deposits	**190,325**	108,962
Proceeds from disposal of an associate	**15,089**	–
Repayment from non-controlling shareholders of subsidiaries	**10,000**	–
Proceeds from disposals of property, plant and equipment	**3,142**	1,927
Dividend income from available-for-sale investments	**2,535**	5,302
Dividends received from associates	**446**	–
Capital contribution to an associate	**–**	(15,000)
Acquisition of a subsidiary	**–**	(550,294)
NET CASH USED IN INVESTING ACTIVITIES	**(1,399,655)**	(1,312,518)
FINANCING ACTIVITIES		
Proceeds from borrowings	**2,846,240**	1,124,450
Repayment of borrowings	**(1,722,280)**	(1,006,634)
Interest paid	**(196,550)**	(130,842)
Dividends paid	**(143,315)**	(219,428)
Shares repurchased and cancelled	**(2,535)**	(2,898)
Dividends paid to non-controlling interests	**(2,102)**	(9,892)
Capital contribution from non-controlling interests	**1,400**	4,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**780,858**	(241,244)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**101,916**	(439,432)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,243,296**	1,682,728
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
represented by:		
Bank balances and cash	**1,345,212**	1,243,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Dongyue Group Limited (the "Company"or "Dongyue") was incorporated in the Cayman Islands on 24 July 2006 as an exempted company with limited liability. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") since 10 December 2007.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture, distribution and sale of refrigerants, polymers, organic silicone and dichloromethane, polyvinyl chloride and liquid alkali and others. In addition, the Group is also engaged in property development in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on the HKSE and by the Hong Kong Companies Ordinance.

In the application of the Group's accounting policies, the Directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

Amendments to IFRSs and a new interpretation that are mandatorily effective for the current year ended 31 December 2014

In the current year, the Group has applied for the first time in the current year the following amendments and a new interpretation to IFRSs issued by the IASB.

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 – Int 21	Levies

The application of the amendments to IFRSs and interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards, interpretations and amendments issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with limited exception. Earlier application is permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for first annual IFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 "Financial Instruments"

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revision version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCT") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

All recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments are equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entity may make an irrevocable election to present subsequent changes in the fair value of an equity investments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of IFRS 9 in future may not have impact on amounts reported in respect of the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible assets is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 27 "Equity Method in Separate Financial Statements"

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost

- In accordance with IFRS 9 "Financial Instruments" (or IAS 39 "Financial Instruments: Recognition and Measurement" for entities that have not yet adopted IFRS 9), or

- Using the equity method as described in IAS 28 " Investments in associates and joint ventures".

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 " Consolidated Financial Statements" and IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The directors of the Company do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associates or Joint Venture"

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with a associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of goods and properties.

The Group's operations are based on the different types of products and property development. Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of products and property development.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment (audited).

2014

	Refrigerants	**Polymers**	**Organic silicone**	**Dichloromethane, Polyvinyl Chloride ("PVC") and liquid alkali**	**Property development**	**Reportable segments' total**	**Other operations**	**Eliminations**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
External sales	2,062,621	2,152,054	1,509,324	1,190,536	525,087	7,439,622	160,074	–	7,599,696
Inter-segment sales	1,166,126	–	4,790	4,545	–	1,175,461	512,366	(1,687,827)	–
Total revenue – segment revenue	3,228,747	2,152,054	1,514,114	1,195,081	525,087	8,615,083	672,440	(1,687,827)	7,599,696
SEGMENT RESULTS	367,230	364,213	(31,805)	62,944	145,955	908,537	20,784	–	929,321
Unallocated corporate expenses									(39,668)
Unallocated other income									2,535
Finance costs									(201,441)
Share of results of associates									283
Profit before tax									691,030

2013

	Refrigerants	Polymers	Organic silicone	Dichloromethane, PVC and liquid alkali	Property development	Reportable segments' total	Other operations	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
External sales	1,919,055	2,053,751	1,515,439	1,088,141	–	6,576,386	206,428	–	6,782,814
Inter-segment sales	1,004,835	–	5,440	55,473	–	1,065,748	398,056	(1,463,804)	–
Total revenue – segment revenue	2,923,890	2,053,751	1,520,879	1,143,614	–	7,642,134	604,484	(1,463,804)	6,782,,814
SEGMENT RESULTS	74,013	553,000	74,645	4,015	(15,026)	690,647	34,123	–	724,770
Unallocated corporate expenses									(79,951)
Unallocated other income									5,302
Finance costs									(89,065)
Share of results of associates									445
Profit before tax									561,501

Segment results represent the results of each segment without allocation of unallocated other income, central administration costs, directors' salaries, share of results of associates and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. No segment information on assets and liabilities is presented as such information is not reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Entity-wide disclosures:

Information about revenue from refrigerants segment by products from external customers

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Monochlorodifluoromethan (HCFC-22)	**1,064,832**	857,855
Tetrafluoroethane (R134a)	**30,333**	167,497
Pentafluoroethane (R125)	**71,092**	221,818
R439A	**5**	14
R410a	**264,628**	217,314
R413A	**37,913**	39,333
R142b	**32,203**	32,323
R152a	**95,350**	4,455
R32	**106,576**	72,784
Others	**359,689**	305,662
	2,062,621	1,919,055

Information about revenue from polymers segment by products from external customers

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Polytetrafluoroethylene (PTFE)	**1,147,855**	1,183,844
Hexafluoropropylene (HFP)	**280,537**	244,812
Perfluorocyclobutane	**46,568**	36,572
Fluorinated ethylene propylene (FEP)	**243,421**	238,157
Polyvinylidene fluoride (PVDF)	**239,341**	185,515
Fluorine rubber (FKM)	**80,357**	74,758
Vinylidene fluoride (VDF)	**21,253**	30,998
Others	**92,722**	59,095
	2,152,054	2,053,751

Information about revenue from organic silicone segment by products from external customers

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
DMC (Dimethylcyclosiloxane)	**381,883**	524,976
107 Silicone Rubber	**475,402**	363,131
Raw Vulcanizate	**155,511**	156,840
D3 (Hexamethylcyclotrisiloxane)	**7,191**	12,343
Gross Rubber	**58,742**	51,615
Gaseous Silica	**74,668**	86,558
DMC Hydrolysate	**70,422**	126,706
Trimethylchlorosilane	**29,127**	65,047
Methyldichlorosilane	**6,979**	10,935
Ganister sand	**24,696**	30,880
DMC Lineament	**67,900**	26,451
D4 (Octamethyl Cyclotetrasiloxane)	**33,332**	1,014
Others	**123,471**	58,943
	1,509,324	1,515,439

Information about revenue from Dichloromethane, PVC and liquid alkali by products from external customers

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
PVC	**600,153**	566,578
Dichloromethane	**240,368**	178,859
Liquid alkali	**350,015**	342,704
	1,190,536	1,088,141

Information about revenue from other operations segment by products from external customers

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
AHF (Anhydrous Fluoride)	**12,091**	7,621
Ammonium Bifluoride	**52,033**	50,919
Hydrofluoric Acid	**25,474**	22,391
Bromine	**41,045**	26,616
Others	**29,431**	98,881
	160,074	206,428

Information about major customers

There was no revenue from a single customer that contributed over 10% of the total sales of the Group during each of the two years ended 31 December 2014.

Geographical information

The Group's revenue from external customers by geographical location of customers is detailed below:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
The PRC	**5,937,784**	5,266,217
Asia (except PRC)		
– Japan	**358,929**	363,919
– South Korea	**260,211**	242,722
– India	**39,292**	19,500
– Singapore	**31,525**	18,007
– Thailand	**44,735**	31,263
– United Arab Emirates	**82,652**	21,014
– Pakistan	**21,018**	19,032
– Malaysia	**22,822**	19,393
– Philippines	**11,736**	8,655
– Viet Nam	**14,593**	11,075
– Turkey	**18,909**	20,930
– other countries	**120,004**	74,142
Subtotal	**1,026,426**	849,652
America		
– United States of America	**246,732**	255,405
– Brazil	**85,090**	68,162
– other countries	**7,983**	6,634
Subtotal	**339,805**	330,201

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Europe		
– Italy	**145,542**	161,221
– England	**3,370**	6,591
– Russia	**35,355**	39,996
– Germany	**25,942**	34,569
– France	**10,487**	6,928
– other countries	**16,030**	26,808
Subtotal	**236,726**	276,113
Africa		
– South Africa	**15,953**	14,858
– Egypt	**4,557**	8,737
– Nigeria	**15,509**	10,251
– other countries	**–**	2,870
Subtotal	**36,019**	36,716
Other countries/regions	**22,936**	23,915
	7,599,696	6,782,814

All of the non-current assets of the Group are located in the PRC.

Other segment information (audited)

	Refrigerants	Polymers	Organic silicone	Dichloromethane, PVC and Liquid Alkali	Property development	Reportable and operating segments' total	Other operations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2014								
Depreciation of property, plant and equipment	197,382	205,940	144,434	113,928	563	662,247	15,318	677,565
Amortisation of intangible assets	337	10,705	126	201	–	11,369	16	11,385
(Revisal) recognition of impairment on trade receivables	(166)	81	937	–	–	852	–	852
Research and development costs recognised as an expense	4,525	65,414	1,926	1,017	–	72,882	516	73,398
Write-down of inventories	9,746	2,939	2,568	–	–	15,253	–	15,253
Loss (gain) on disposals of property, plant and equipment	18,728	2,430	(14)	2,990	–	24,134	2,599	26,733
Release of prepaid lease payments	2,994	5,102	3,147	1,069	129	12,441	511	12,952

	Refrigerants *RMB'000*	Polymers *RMB'000*	Organic silicone *RMB'000*	Dichloromethane, PVC and Liquid Alkali *RMB'000*	Property development *RMB'000*	Reportable and operating segments' total *RMB'000*	Other operations *RMB'000*	Total *RMB'000*
2013								
Depreciation of property, plant and equipment	220,602	131,773	115,187	57,546	415	525,523	26,964	552,487
Amortisation of intangible assets	179	8,291	165	55	–	8,690	18	8,708
Recognition of impairment on trade receivables	–	111	–	–	–	111	–	111
Research and development costs recognised as an expense	7,858	58,220	2,084	3,116	–	71,278	390	71,668
Write-down of inventories	4,187	–	293	1,292	–	5,772	118	5,890
Loss on disposals of property, plant and equipment	262	666	144	59	–	1,131	7	1,138
Release of prepaid lease payments	3,566	3,984	2,672	697	1,837	12,756	113	12,869

5. OTHER INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Government grants		
– related to expense items *(Note a)*	**10,521**	12,576
– related to assets	**23,266**	12,384
Bank deposits interest income	**10,484**	13,741
Interest income on entrusted loans	**94,131**	77,701
Interest income on bill receivables	**129,172**	19,215
Dividend income from unlisted available-for-sale investments	**2,535**	5,302
Compensation received *(Note b)*	**–**	24,869
Gain on disposal of an associate	**36**	–
Others	**20,356**	12,398
	290,501	178,186

Notes:

(a) The government grants are mainly for the expenditures on research activities which are recognised as expenses in the period in which they are incurred.

(b) The amount represented compensation received from an independent third party during the year ended 31 December 2013 on CDM Project due to its failure to fulfil its obligation as stated in the agreement entered into by the Group with the independent third party.

6. FINANCE COSTS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Interest on:		
Bank loans wholly repayable within five years	**202,025**	112,597
Other borrowings repayable within five years	**4,286**	18,400
Total borrowing costs	**206,311**	130,997
Less: amounts capitalised for properties under development for sale	**–**	(26,928)
amounts capitalised for property, plant and equipment	**(4,870)**	(15,004)
	201,441	89,065

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a weighted average capitalisation rate of 6.39% (2013: 6.67%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
PRC enterprise income tax		
– Current year	**149,647**	164,189
– Under (over) provision in prior years	**5,609**	(7,705)
– Land Appreciation Tax	**8,587**	–
	163,843	156,484
Deferred tax charge		
– Withholding tax for distributable profits of PRC subsidiaries	**15,371**	13,977
– Others	**14,820**	(46,186)
	30,191	(32,209)
Total income tax expense	**194,034**	124,275

8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging (crediting) the following items:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Short term employee benefits	**412,757**	309,098
Discretionary bonus *(Note a)*	**11,073**	7,985
Post-employment benefits	**79,169**	82,460
Equity-settled share-based payment expense	**36,532**	74,962
Other staff welfare	**28,885**	25,084
Total staff costs *(Note b)*	**568,416**	499,589
Cost of inventories recognised as an expense	**5,772,058**	5,143,767
Depreciation of property, plant and equipment	**677,565**	552,487
Amortisation of intangible assets (included in cost of sales)	**11,385**	8,708
Auditor's remuneration	**3,215**	3,063
Net foreign exchange (gains) losses	**(2,745)**	8,205
Recognition of impairment on trade receivables	**852**	111
Research and development costs recognised as an expense	**73,398**	71,668
Write-down of inventories (included in cost of sales)	**15,253**	5,890
Release of prepaid lease payments	**12,952**	12,869
Loss on disposals of property, plant and equipment	**26,733**	1,138

Notes:

(a) Discretionary bonus is determined based on the performance of the individuals.

(b) Directors' emoluments are included in the above staff costs.

9. EARNINGS PER SHARE

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

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Earnings for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**483,276**	465,898
	('000)	*('000)*
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**2,118,246**	2,119,960

The computation of diluted earnings per share for the years ended 31 December 2014 and 2013 does not assume the exercise of all of the Company's outstanding share options as the exercise prices of those options are higher than the average market price of the shares.

10. DIVIDENDS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Dividends paid during the year: 2013 final dividend: HK$0.085 (2013: 2012 final dividend HK$0.13) per share	**143,315**	219,428

A final dividend of HK$0.09 (2013: HK$0.085) per share, amounting to approximately HK$190,635,000 (2013: HK$180,044,000) in respect of the year ended 31 December 2014, equivalent to RMB150,392,000 (2013: RMB143,315,000), has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

11. TRADE AND OTHER RECEIVABLES

	31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade receivables	**1,786,551**	1,054,504
Less: allowance for doubtful debts	**(3,818)**	(6,169)
	1,782,733	1,048,335
Prepayment for raw materials	**36,176**	85,304
Value added tax receivables	**13,696**	21,334
Prepaid taxes arising from pre-sale of properties	**39,588**	30,714
Advance to a non-controlling shareholder of a subsidiary	**–**	10,000
Deposits, prepayment and other receivables	**34,285**	22,552
	1,906,478	1,218,239

Included in the trade receivables are bills receivable amounting to RMB1,539,006,000 at 31 December 2014 (31 December 2013: RMB811,604,000).

Customers are generally granted with credit period of less than 90 days for trade receivables. Bills receivables are generally due in 90 days or 180 days. The following is an aging analysis of trade receivables, net of allowance for doubtful debts presented based on the invoice date, also approximate the date of revenue recognition, which are recognised by the Group at the end of the reporting period.

	31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within 90 days	**1,524,267**	955,840
91 – 180 days	**250,277**	86,345
181 – 365 days	**8,189**	6,150
	1,782,733	1,048,335

Before accepting any new customer, the Group conducts research on the creditworthiness of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 99% (2013: 98%) of the trade receivables that are neither past due nor impaired have the high ranking record attributable under the research on the creditworthiness. The Group offers various settlement terms which vary depending on the size of contract, credibility and reputation of the customers.

Included in the Group's trade receivable balance are debtors with the aggregate carrying amount of RMB27,340,000 (31 December 2013: RMB23,280,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral or credit enhancements over these balances.

	31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
91 – 180 days	**19,151**	17,130
181 – 365 days	**8,189**	6,150
	27,340	23,280

Allowance of the above amount has not been made by the Group as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Directors of the Company consider they are in good credit quality.

Movement in the allowance for doubtful debts

	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Balance at beginning of the year	**6,169**	8,304
Recognition of impairment on trade receivables	**852**	111
Amounts written off as uncollectible	**(3,203)**	(2,246)
Balance at end of the year	**3,818**	6,169

The above allowance represents impairment for trade receivables which are considered not recoverable.

The Group's account receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	US$	**Equivalent to**
	$'000	***RMB'000***
As at 31 December 2014	17,210	105,308
As at 31 December 2013	18,120	110,475

12. TRADE AND OTHER PAYABLES

	31 December 2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade payables	**1,255,355**	941,408
Receipt in advance from customers	**74,741**	62,048
Payroll payable *(Note i)*	**185,426**	224,847
Payable for property, plant and equipment *(Note ii)*	**108,798**	117,647
Other tax payables	**32,323**	12,203
Other deposits in relation to property development project	**58,000**	110,955
Construction cost payable for properties under development for sale	**191,121**	48,525
Other payables and accruals	**66,855**	86,748
Total	**1,972,619**	1,604,381

Notes:

(i) As at 31 December 2014, included in the payroll payable is a provision for social insurance fund for employees of the PRC subsidiaries amounting to approximately RMB62,631,000 (31 December 2013: RMB58,348,000). The amount of the provision represents the Group's entire obligation for social insurance fund for employees of PRC subsidiaries and is determined based on the relevant national regulations on social insurance and calculated based on the basic counting unit multiplied by the social insurance rate. The basic counting unit for social insurance shall be the average wages of an employee in the preceding year and shall not be less than the minimum limit promulgated by the local social insurance bureau each year.

(ii) The payable for acquisition of property, plant and equipment will be settled three months after the completion of installation of the plant and machinery which is recorded in the addition of construction in progress during the year.

Included in the trade payables are bills payable amounting to RMB698,855,000 (31 December 2013: RMB295,490,000). Bills payable are secured by the Group's pledged bank deposits.

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an analysis of trade payables by age, presented based on invoice date:

	31 December	
	2014	2013
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Within 30 days	**321,912**	686,530
31 – 90 days	**481,385**	174,941
91 – 180 days	**399,077**	52,744
181 – 365 days	**38,301**	12,929
1 – 2 years	**9,337**	8,254
More than 2 years	**5,343**	6,010
	1,255,355	941,408

Included in the trade payables is trade payables to two non-controlling shareholders of two subsidiaries amounting to approximately RMB4,390,000 (31 December 2013: RMB5,464,000) which are aged within 30 days. The general credit period given by them is three to six months. The construction cost payables for properties under development for sale are aged within 90 days.

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	US$	**Equivalent to**
	$'000	***RMB'000***
As at 31 December 2014	8,696	53,213
As at 31 December 2013	1,536	9,366

MANAGEMENT DISCUSSION AND ANALYSIS

Moved into 2014, China's economy entered into "new normal" stage of stable growth, for which the pace of growth decelerated. At the same time the economy encountered "entangle of three issues", namely the fundamental slowdown in growth rate, the pains from economic restructuring and the dilution of the side effects arisen from previous economic policies. Such situations intensified the complexity of China's economic problems. With the slowdown in economy, the fluorosilica industry as a whole fell to historical low levels. Against the challenging backdrop, the Group, with the joint forces of all staff under the leadership of management, has worked persistently to resolve difficulties and challenges. With a notion of learning from Formosa Plastics as a role model, two competitions, namely "Increase volume alongside with efficiency" and "One Skill with Three Examples" were organized. During the year the key performance indicators exceeded budget and achieved year-over-year growth. Net profit also increased as compared with the previous year. This is a set of respectable results amidst a challenging environment.

1 Enhanced brand reputation and market share

In 2014, Dongyue's brand reputation and influence was further enhanced. During the year, by capitalizing on its competitiveness in the industry, the Group continued to rank as the top leading enterprise in the fluorochemical industry in China. Moreover, the outstanding results of our proprietary innovation were continually endorsed by the leaders of the central government in China, further strengthened the brand reputation and leadership of Dongyue. During the year, the "Five Major Solutions in Customers Services under New Normal" proposed were warmly welcomed by customers. This again supported Dongyue as the number one player and brand in the market.

2 Effective new management model and cost control measures

The Group has always upheld the principle of persistent innovation. Under the new normal economic condition, the setting of Formosa Plastics as the role model became an important milestone in the development of the Group. Formosa Plastics Corporation is a leading petrochemical industrial enterprise in the region. The Group devoted to learn from Formosa Plastics in the year of 2014, focusing on getting insights from its innovative management models. Through training classes and using IT management in supporting refinement of management, the Group further optimized its structure, models, process flow, systems, resources allocation and upstream to downstream allocation. Productivity was increased and competitiveness was enhanced under such new normal macro environment.

3 Solid results in technology innovation with accelerated pace of technology transformation and upgrade

In 2014, the Group achieved new breakthrough in the aspect of technology innovation, with accelerated pace of transformation and upgrade. During the year, a total of 12 new projects in technology innovation and reform were completed. A total of 12 new products were developed and commercialized, with sales amounted to 567 tonnes. These included FEP new product DS611 and FKM new product 246K from Huaxia Shenzhou; dispersion DF-2046A and PTFE-dispersion product DF-203F under polymers business; and gaseous silica product A-300 under organic silicone business. There were another 6 new products developed and yet to launch for sales. We had completed application for 34 patents, out of which a total of 23 had been granted, and the Group owns a total of 269 effective patents thus far. During the year the Group set up 7 new processing laboratory and fluorosilicone material analysis laboratory. This will provide information required for the ongoing improvement of products in terms of functions and quality. With regards to the cooperation with AFCC to jointly develop cell membrane for automobile fuel, it is now in the process of testing. This solidly demonstrates the competitive edges of Dongyue in the research and development of environmental friendly new products. The Group also expanded production capacity in line with business needs. During the year, the increased production capacity includes: (1) FEP resin by 550 tonnes; (2) PVDF concentrate by 500 tonnes; (3) PVDF by 3,000 tonnes; (4) VDF by 5,000 tonnes.

Besides, the Group promoted and invested in China Minsheng Investment Company Limited ("CMIC") in 2014. This investment presents historical opportunities to the Group and allows us to capitalize on possibilities in the integration of fluorosilica industry chain.

As a responsible corporate citizen, the Group strives to shoulder its responsibility to contribute to the society. The Group donated approximately RMB5.22 million during the year.

FUTURE PROSPECTS

2015 is the final year of the "Twelve Five-Year Plan" of China and also the year to formulate the "Thirteen Five-Year Plan". The new normal environment presents both stringent challenges and valuable opportunities for the fluorosilica industry. After nearly two years of tough period in the industry, it is evident that the fluorosilica industry is due to see a rebound.

In the year of 2015, the "new normal" characteristics of China's economy will continue, namely "low investment input, medium-pace growth, good quality, optimal structure, high efficiency and new driving forces". These go hand-in-hand with the enhancement in consumption, manufacturing, new environmental protection and new energy industry. As a new strategic industry, fluorosilica materials will have rapid development and structural optimization. This will help the integration and upgrade of the industry, which will drive out players with obsolete facilities and curb investment in excessive low-productivity facilities. Meanwhile, this will promote the application of new products and the development of fluorosilica resources, helping the sustainable development of the industry. As the largest fluorosilica materials enterprise in China, Dongyue is well positioned to lead and drive the process of industry upgrade and development.

By focusing on creating value for customers, Dongyue formulated strategic positioning in the new normal environment, namely "new planning, new products, new technology, new auxiliary support and new model" and "vitalize energy in the enterprise, enhance competitiveness in the market and expand influence in the industry". In 2015, the Group will continue to implement intelligence learnt from Formosa Plastics and name it as "The year of Revamp and Transformation". The Group will continue to optimize organization structure and allocation of resources. The Group will also strive to expand the market share to consolidate the leading position in the market, increase investment in research and development to continue to leverage on the benefits in technology and innovation, and expand export business. The strategic initiatives in the coming year include:

I) Optimize organization structure and resources allocation

Amidst a business environment mixed with opportunities and challenges, the Group has to adopt new strategies, focusing on the innovation of products and technologies as well as efficiency management. The Group will continue to strengthen management, improve deployment of management functions and professional division of labour to optimize allocation of resources, asset and human resources management.

II) Enhance customer services and market share, consolidate leading position in the market

The "Five Major Solutions on Customer Services under New Normal" will be implemented to continue to enhance product quality. The Group will demonstrate the brand competitiveness through launching of high-value-for-money products, optimization of customer service, and strengthening rapport with and research for high-end customer market segment.

III) Increase investment in research and development, and strengthen development of new products and application technologies

The vitality of manufacturing industry largely depends on new technologies and new products. The Group will increase its investment in research and will commit not less than 2% of revenue in research and development. This will accelerate technology upgrade and enhance the contribution from commercialized new products.

IV) Reasonably expand overseas investment and grow exports business

While growing core business, the Group will seek investment opportunities overseas and expand new growth areas. The Group will consider to explore new channels to expand international markets in the next year.

V) Improve appraisal and reward system

In an effort to align staff members' contribution and operating efficiencies, a profit sharing policy linked to development of new technology, new products, and new growth driver will be established to allow the staff members who contribute to the Group to enjoy rewards accordingly. The Group hopes this will arouse workforce's passion and creativity which will help enhance the development and efficiencies of the Group.

FINANCIAL REVIEW

Results Highlights

For the year ended 31 December 2014, the Group recorded revenue of approximately RMB7,599,696,000, representing an increase of 12.04% over RMB6,782,814,000 of the previous year. The gross profit margin decreased to 16.00% (2013: 16.16%) and the consolidated segment results margin* was 12.23% (2013: 10.69%). The operating results margin was 11.74% (2013: 9.58%). During the year under review, the Group recorded profit before tax of approximately RMB691,030,000 (2013: RMB561,501,000), and net profit of approximately RMB496,996,000 (2013: RMB437,226,000), while consolidated profit attributable to the Company's owners was approximately RMB483,276,000 (2013: RMB465,898,000). Basic earnings per share were RMB0.23 (2013: RMB0.22). The Board of Directors of the Company recommended the payment of a final dividend of HK$0.09 (2013: HK$0.085) per share to the shareholders whose name appear on the register of members of the Company on 4 June 2015.

* Consolidated Segment Results ÷ Revenue × 100%

Segment Revenue and Operating Results

Set out below is the comparison, by reportable and operating segments, of the Group's revenue and results for the year ended 31 December 2014 and the year ended 31 December 2013:

	For the year ended 31 December 2014			For the year ended 31 December 2013		
Reportable and Operating Segments	**Revenue** *RMB'000*	**Results** *RMB'000*	**Operating Results Margin**	Revenue *RMB'000*	Results *RMB'000*	Operating Results Margin
Polymers	**2,152,054**	**364,213**	**16.92%**	2,053,751	553,000	26.93%
Organic Silicone	**1,514,114**	**(31,805)**	**(2.10%)**	1,520,879	74,645	4.91%
Refrigerants	**3,228,747**	**367,230**	**11.37%**	2,923,890	74,013	2.53%
Dichloromethane, PVC and Liquid Alkali	**1,195,081**	**62,944**	**5.27%**	1,143,614	4,015	0.35%
Property development	**525,087**	**145,955**	**27.80%**	–	(15,026)	–
Others	**672,440**	**20,784**	**3.09%**	604,484	34,123	5.65%
	9,287,523	**929,321**	**10.01%**	8,246,618	724,770	8.79%
Less: Inter-segment sales	**(1,687,827)**	**–**	**–**	(1,463,804)	–	–
Consolidated	**7,599,696**	**929,321**	**12.23%**	6,782,814	724,770	10.69%

Analysis of Revenue and Operating Results

During the year under review, although there showed signs of progressive macro-economic recovery in United States and European countries, foreign industrial and manufacturing markets did not in general demonstrate strong economic recovery momentum. Furthermore, as a result of structural economic adjustment of the PRC, the slowdown in the domestic economic growth continued and the manufacturers were prudent in setting out their production strategies, which adversely affected the market demand for majority of industrial and manufacturing products. In this accord, except for 3,000 tonnes per annum of PVDF (Polyvinylidene Fluoride), 5,000 tonnes per annum of VDF (Vinylidene Flouride) and 1,000 tonnes per annum of FEP (Fluorinated Ethylene Propylene) (all belonging to downstream products within the Polymers segment), the Group had no massive new capacities coming into operation during the year.

However, having regard to the wide applicability of the fluorochemical and organic silicone products with favourable characters, the market demand still showed constant growth during the year. With its scalable vertically integrated self-sufficient value chain, the Group continued to capitalize on its leading market position, strong R&D capabilities and extensive sales network, to upgrade its technology level, to optimize its product mix and to develop and promote new products. As a result, during the year under review, the Group still progressed by increasing its overall production and sales volumes year-on-year for majority of its operating segments of the Group. Nevertheless, the domestic fluorochemical and organic silicone markets had faced up with intense competition and structural overcapacity issues with numerous low-end products emerging in the market, which led to a decrease in the selling prices of majority of its fluorochemical and organic silicone products year-on-year. Thanks to (1) the Group experienced improvements in its Refrigerants segment and its Dichloromethane, PVC and Liquid Alkali segment, which were mainly attributable to the substantial increase in the price of R22 (a principal product within its Refrigerant segment), improvement in the business condition in the domestic chloride methane markets (mainly dichloromethane and trichloromethane (a main raw material for its Refrigerants products)), (2) the Group consolidated the financial results of Shandong Huaxia Shenzhou New Materials Co. Ltd. ("Huaxia Shenzhou") for the whole of 2014, and (3) the Group can be able to record operating profits for its Property Development segment, although there had been a significant drop in the selling prices of the products in the Polymers segment and the Organic Silicone segment turned into operating losses during the year, and there had been no production and sales of CER units during the year, the Group can be able to record improvements in its operating results margin during the year under review.

Polymers

Thanks to the full-year consolidation of Huaxia Shenzhou's financial results by the Group and its year-on-year aggregate sales volume growth, the revenue from the Polymers segment increased by 4.79% to RMB2,152,054,000 from RMB2,053,751,000 of the last year. Despite the year-on-year decrease in the selling prices of the Group's polymers products resulting from the emerging of excessive new production capacities in the market, the Polymers segment remained to be the largest revenue contributor to the Group's revenue, accounting for approximately 28.32% (2013: 30.28%). Polymers segment, together with the Organic Silicone segment, fall within the "New Material Industry of the PRC" with huge potential, business prospects and government support. During the year, the Group continued with its strategy in developing and promoting new products, giving rise to potential new profit drivers for the Group.

The Group relies on the internal supply of R22 for the production of TFE (a fluorocarbon), which is used by the Group for the production of such polymers products as PTFE (a synthetic fluoropolymer with high level of resistance to temperature changes, electrical insulation, and ageing and chemical resistant that is used as a coating material and can also be further processed into high-end fine chemicals which can be widely applied in the chemicals, construction, electrical and electronics and automotive industries) and HFP (an important organic fluorochemical monomer, which can be used to produce various fine chemicals). Furthermore, the Refrigerants segment of the Group supplied R22 and R142b as the raw materials for the production of a variety of downstream fluoropolymer fine chemicals including FEP (modified materials of PTFE, produced with HFP added in TFE, mainly used in the lining for wire insulation layer, thin-walled tube, heat shrinkable tubes, pumps, valves and pipes), FKM (Fluorine Rubber, a specialized fluorinated material produced with VDF, HFP and TFE, which is mainly used in the fields of aerospace, automotives, machinery and petro-chemistry because of its superior mechanical property, and excellent oil, chemical and heat resistance), PVDF (fluorocarbon made with R142b to produce VDF, mainly used as a fluorine coating resin, fluorinated powder coating resin and lithium battery electrode binding material) and VDF, in which Huaxia Shenzhou has been engaging. Other fluorinated fine chemicals, including PPVE, PSVE, HFPO, formed another major production category of Huaxia Shenzhou.

Coupled with the increase of 10,000 tonnes per annum of TFE and 12,000 tonnes per annum of PTFE during 2013, the expansion of new production capacities of VDF and PVDF in 2014, and the launching of new PTFE and other downstream polymers products, during the year under review, the Group was able to capitalize on the steady growth in the domestic and foreign polymers market and record substantial growth in the sales volumes of PTFE, HFP, FEP, FKM and PVDF year-on-year. These can mitigate the negative impacts arising from the fall in the selling prices, leading to the rise in the sales revenue of this segment.

This segment contributed 39.19% (2013: 76.30%) to the total segment results of the Group, while its segment results margin decreased to 16.92% from 26.93% of the last year. Such decrease resulted from the significant rise in the raw materials cost (R22), in respect of which the Group maintained nearly 100% self-sufficiency ratio, the Group and the decrease in the selling prices of the Group's polymers products.

Organic Silicone

Accounting for 19.86% (excluding inter-segment sales) of the consolidated revenue of the Group for the period under review, the revenue coming from the Organic Silicone business segment slightly decreased by 0.44% to RMB1,514,114,000 from RMB1,520,879,000. This segment mainly includes the production and sales of DMC (upstream organic silicone intermediates that are used as raw materials to produce deep proceeded mid-stream and downstream silicone products, such as silicone oils, silicone rubber and silicone resins), 107 Silicone Rubber, Raw Vulcanizate and Gross Rubber (collectively referred to as "Silicone Rubbers", deep proceeded silicone rubber products, where Raw Vulcanizate is a key raw material for producing Gross Rubber), and other by-products and other high-end downstream products, such as Gaseous Silica and Silicone Oils. Named as "Industrial MSG", organic silicone is widely applied in military, aviation, automotive, electronic, construction and other industries, mainly in the form of additives, treatment chemicals stabilizers, lubricants and sealants and are a key ingredient in industrial processes. The Group initially produces silicone monomers with silicone powder and internally-generated chloromethane and further processes them to become silicone intermediates (mainly DMC), with certain portion of which the Group produces Silicone Rubbers and other organic silicone products). The Group can also be able produce and generate other by-products and high-end downstream products, such as Gaseous Silica and Silicone Oils through its production processes.

Same for the Polymers segment, the Group's strategy in the Organic Silicone segment is to devise and develop new downstream products with higher profit margins. The expansion in the production capacities of Silicone Rubbers and Gaseous Silica in 2013 had led to the significant year-on-year increase in the sales volume of these two categories, which had been partly mitigated by the decrease in the sales volume of DMC as a result of increase in the internal consumption. Despite the year-on-year decrease in the selling prices of the Group's organic silicone products resulting from the re-emerging of excessive new production capacities, the Group was able to record only slight decrease in its sales revenue of this business segment year-on-year.

During the year, as a result of the decrease in the average selling prices of DMC, Silicone Rubbers and Gaseous Silica year-on-year, coupled with the increase in raw material costs of silicone powder and chloromethane, the Organic Silicone segment recorded segment loss of RMB31,805,000, compared to an segment profit of RMB74,645,000 for the last year, which translated to segment results margin of -2.10% (2013: 4.91%).

Refrigerants

During the year, the Refrigerants segment accounted for approximately 27.14% (excluding inter-segment sales) (2013: 28.29%) of the Group's revenue. The revenue of the Refrigerants segment increased by 10.43% to RMB3,228,747,000 from RMB2,923,890,000 of the last year, which was mainly due to the increase in the average selling prices of R22 and other refrigerants products. This segment includes the revenue from the manufacturing and sales of traditional refrigerants products (mainly R22), new green and environmental-friendly refrigerants products (mainly R32, R125, R134a and R410a and so forth) and other types of refrigerants products (mainly R142b and R152a and so forth). The Group produces and sells refrigerants products externally to both domestic and international customers and internally (mainly R22 and R410b) for its Polymers business segment.

As the backbone refrigerants product of the Group with the largest production capacity in the world, R22 is the most widely used refrigerant in the PRC and is generally used in household appliances. Apart from that, it has been one of the key raw materials for the production of the fluoropolymers (i.e. PTFE, HFP and other downstream fluorinated chemicals) and R125. R125 and R32 are the key refrigerant mixture for other types of green refrigerants (such as R410a) to replace R22. Currently, R410a has been the principal replacing refrigerant which has been widely applied in inverter air conditioners and other green home appliances. R134a is broadly used in the refrigeration and air-conditioning systems in automobile air conditioners, while R152a is another key refrigerant product of the Group which can also be used as blowing agents, aerosols and cleaning agents. Apart from the fact that R142b can be used as refrigerant, temperature controller medium, or intermediates of aviation propellant, it can also be one of the main raw materials for the production of VDF.

Pursuant to the Montreal Protocol, R22 would be progressively phased out as a refrigerant by the end of 2030 and would be replaced by other green refrigerants. The Chinese government has stopped granting approval to the building up of new R22 capacity. Starting from 2013, the Chinese government has been enforcing a quota system for the sales of R22 as a refrigerant or ozone depleting substances for all of the domestic R22 producers. As a result, the year-on-year growth of the sales volume of R22 was limited and the Group's sales volume of R22 recorded a slight decrease during 2014 as compared to the year of 2013. However, the substantial rebound in the selling price of Trichloromethane has led to increase in the selling price of the Group's R22 product year-on-year, resulting in the substantial increase in the sales revenue of R22 achieved during the year.

With the gradual recovery in the PRC's property market, the green home appliance products end-market and other relevant industries have all boosted the domestic demand for R410a. As a result, the Group experienced considerable increase in the sales volume of R410a, and the Group can record an increase in the sales revenue of this category. The successive growth in the sales volumes of such green refrigerants as R410a over the last few years indicates that green refrigerants would gradually substitute R22 as the most widespread refrigerant in the PRC.

The irrational massive expansion in the capacity of R134a continued to adversely affect the domestic market and the general weakness in the domestic and foreign automobile markets had intensified the price competition, which made the Group see the substantial drop in both the sales volume and price of R134a. Such depressing supply situation applied to R125 markets as well, with the result that the Group recorded decrease in the selling price and the sales volume for R125.

The results of the Refrigerants segment contributed 39.19% (2013: 10.21%) of the total segment results of the Group, while its segment results margin was 11.37%, compared with 2.53% of the last year.

Dichloromethane, PVC and Liquid Alkali

This segment includes the revenue from the production and sale of the Group's two main ancillary products of the Refrigerants segment (dichloromethane and liquid alkali) and the PVC products.

During the year, accounting for approximately 15.67% (excluding inter-segment sale) of the Group's consolidated revenue, the revenue for this segment increased by 4.50% to RMB1,195,081,000 from RMB1,143,614,000 of the last year.

Liquid alkali is a basic chemical product from the production of the methane chloride (essential chemical for the production of refrigerants and organic silicone products), and used in the textile, power and materials industries. Methane chloride includes dichloromethane, which is mainly used to produce antibiotics and as a foaming mode for polyurethane. The Group engaged in the production of PVC (a widely used thermoplastic polymer applied in the construction industry to replace traditional building materials). The production of refrigerants products generates a chemical, hydrogen chloride, which is one of the basic raw materials for PVC production. Therefore, the Group's PVC production can ensure production synergies and increasing economic value generated from a self-sufficient business chain.

During the year under review, the sales volumes of PVC, liquid alkali and dichloromethane products considerably increased as compared to the last year. While the selling prices of PVC and liquid alkali products recorded year-on-year decline, the year-on-year selling prices of dichloromethane experienced a remarkable rebound as a result of the recovery in the domestic methane chloride market, which principally led to a significant rise in the sales revenue of this segment. Coupled with the stable per unit production cost of dichloromethane products, this segment was able to record segment profit of RMB62,944,000, compared with segment profit of RMB4,015,000 in respect of the year ended 31 December 2013.

Property Development – Dongyue International Project (the "Project")

The Project comprises, among others, residential portion of two parcels of land which are adjacent to each other. They are located at the west of Liuquan North Road, the north of Huantai Avenue and the south of Gongyuan Road, Huantai County, Zibo City, Shandong Province, the PRC with a total site area of 189,381 square metres. The residential portion is 157,187 square metres, upon which the Group planned to construct 23 residential blocks with a total planned gross floor areas of approximately 296,000 square metres. The Project comprises five phases which are planned to be completed by the end of 2017. Up to the end of December 2014, the Group, owning 100% interest in the Project, had been constructing the first four phases with planned gross floor area of approximately 204,000 square metres.

The Group commenced pre-sale of the phase 1 starting from the financial year 2013, and phase 2, phase 3 and phase 4 starting from the financial year 2014. The Project received overwhelming response and a total of approximately 152,000 square metres have been sold out at an average selling price of approximately RMB6,480 per square metre. During the year, the sale of a total of 644 residential units, with a total of approximately 80,870 square metres, have been completed and amounts of RMB525,087,000 and RMB145,955,000 have been recognized as the segment revenue and the segment profit, respectively, during the year.

In addition, the Project encompasses the construction of certain commercial units. As of the end of 2014, commercial units with a total of approximately 6,800 square metres and approximately 2,800 square metres have been constructed and sold at an average selling price of approximately RMB15,700, respectively. However, as the relevant sales have not been completed, no corresponding revenue and results has been recognized during the year under review.

Others

This segment included the revenue from the production and sale of the Group's other side and by-products of the various operating segments, such as Ammonium Bifluoride, Hydrofluoric Acid and Bromine, and the CER business.

During the year, in the wake of continuing weakness of the CER market, the market price of CER units fell to an unreasonably low level and consequently, the Group has temporarily ceased the production and sales of CER units and utilized the prevailing facilities for its Refrigerants segment and thus, no CER revenue (year ended 31 December 2013: RMB48,445,000) and no CER profits (year ended 31 December 2013: RMB49,225,000) was recorded by the Group during the year.

During the year, accounting for approximately 2.11% (excluding inter-segment sale) of the Group's consolidated revenue, the revenue for this segment increased by 11.24% to RMB672,440,000 from RMB604,484,000 of the last year, and this segment's results decreased to RMB20,784,000 from RMB34,123,000 of the last year.

The Group has been carrying out the necessary exploration works in respect of the nickel mine and the iron and fluorspar mine of the Group. While the Group did not record significant progress during the year, the Group would strive to engage in the actual extraction and production once the relevant extraction licenses are obtained from the relevant government bureau, which enables the Group to secure source of raw materials for its operating segments and to align with the Group's strategy of vertical integration into the fluorochemical value chain.

During the year, the Group has subscribed for 1 billion shares in CMIC for an aggregate amount of RMB1 billion (the "Subscription"), which had been accounted for as available-for-sale investments. The Group considered that the Subscription will provide the Group (indirectly through CMIC) with potential investment and acquisition opportunities in industries and enterprises with growth potentials, which, together with its other equity investments, allows the Group to capitalize on the financial leverage for the purpose of diversifying its business risks, while maintaining the focus of its business and strengths in its core fluorochemcial business.

Distribution and Selling Expenses

During the year, the distribution and selling expenses merely decreased by 1.09% to RMB251,209,000 from RMB253,976,000 of the previous year. As a result of stringent cost control measures imposed by the Group, the amount of distribution and selling expenses were steadily maintained, notwithstanding the increase in the overall sales volumes of the Group during the year.

Administrative Expenses

During the year, the administrative expenses decreased by 2.91% to RMB289,791,000 from RMB298,483,000 of the previous year, which was mainly attributable to the decrease in the expenses on share options granted to the Directors and the employees.

Finance Costs

During the year, the finance costs significantly increased by 126.17% to RMB201,441,000 from RMB89,065,000 of the previous year. This was mainly attributable to the substantial increase in the amount of the borrowings of the Group during the year.

Capital Expenditure

For the year ended 31 December 2014, the Group's aggregate capital expenditure was approximately RMB675,754,000 (2013: RMB1,306,035,000). The Group's capital expenditure is mainly for the acquisition of fixed assets including the equipment and facilities for the Group's expansion projects in (1) the 5,000 tonnes per annum of PVDF, (2) the 5,000 tonnes per annum of VDF and (3) the 1,000 tonnes per annum of FEP, and for the Group's various technological revamp, energy saving and emission management projects.

Liquidity and Financial Resources

The Group's financial position is sound with healthy working capital management and strong operational cash flow. As at 31 December 2014, the Group's total equity amounted to RMB5,897,804,000, representing an increase of 7.02% compared with that as at 31 December 2013. As at 31 December 2014, the Group's bank balances and cash totaled RMB1,345,212,000 (31 December 2013: RMB1,243,296,000). During the year under review, the Group generated a total of RMB720,713,000 (for the year ended 31 December 2013: RMB1,114,330,000) cash inflow from its operating activities. The current ratio(1) of the Group as at 31 December 2014 was 1.38 (31 December 2013: 1.46).

Taking the above figures into account, together with the available bank balances and cash, the unutilized banking credit facilities and support from its banks as well as its strong operational cash flows, the management is confident that the Group will have adequate resources to settle any debts and to finance its daily operational and capital expenditures.

Capital Structure

During the year, the Company repurchased and cancelled a total of 1,152,000 ordinary shares of the Company (the "Buyback Shares"). After the cancellation of the Buyback Shares, the number of issued shares of the Company was decreased to 2,118,167,455 as at 31 December 2014.

As at 31 December 2014, the borrowings of the Group totaled RMB3,276,524,000 (31 December 2013: RMB2,152,564,000). The gearing ratio(2) of the Group was 24.67% (31 December 2013: 14.16%).

The Group had no particular seasonal pattern of borrowing. As at 31 December 2014, the Group's borrowings comprised non-current portion (over 1 year) and current portion (within 1 year). The non-current portion of borrowings amounted to approximately RMB1,886,087,000, which are wholly repayable after one year but not exceeding five years. The current portion of borrowings amounted to approximately RMB1,390,437,000. The Group's borrowings were made at fixed interest rates and floating rates. The weighted average effective interest rates on floating rate borrowings and fixed rate borrowings for the year ended 31 December 2014 were 6.48% (2013: 6.45%) and 6.19% (2013: 6.16%) per annum, respectively. As at 31 December 2014, 40% (31 December 2013: 35%) of the Group's borrowings bear fixed interest rates.

As at 31 December 2014, the Group's borrowings were denominated in RMB, HK and US dollars, amounting to approximately RMB2,926,919,000, HK$200,000,000 (equivalent to approximately RMB157,780,000) and approximately US$31,250,000 (equivalent to approximately RMB191,825,000) respectively.

Group Structure

During the year, there has been no material change in the structure of the Group.

Notes:

(1) Current Ratio = Current Assets ÷ Current Liabilities

(2) Gearing Ratio = Net Debt ÷ Total Capital

Net Debt = Total Borrowing – Bank Balances and Cash

Total Capital = Net Debt + Total Equity

Charge on Assets

As at 31 December 2014, the Group had certain property, plant and equipment and lease prepayments with an aggregate carrying value of approximately RMB250,828,000 (31 December 2013: RMB558,694,000), and bank deposits of RMB185,145,000 (31 December 2013: RMB106,320,000), which were pledged to secure the Group's borrowings and the bills payable of the Group.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's functional currency is RMB with most of the transactions settled in RMB. However, foreign currencies (mainly United States dollars) were received/paid when the Group earned revenue from overseas customers and when settling purchases of machinery and equipment from the overseas suppliers.

The Group entered into forward contacts for managing certain risks arising from foreign currency transactions. In order to reduce the risk of holding foreign currencies, the Group normally converts the foreign currencies into RMB upon receipt while taking into account its foreign currencies payment schedule in the near future.

Employees and Emolument Policy

The Group employed 6,824 employees in total as at 31 December 2014 (31 December 2013: 6,797). The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

In addition, the Group had also adopted a share option scheme as a long term incentive to the Directors and eligible employees. The emolument policy for the Directors and senior management of the Group is set up by the Company's Remuneration Committee, having regard to the Group's performance, individual performance and comparable market conditions.

OTHER INFORMATION

Final Dividend

The Directors recommend the payment of a final dividend of HK$0.09 (the "Final Dividend") (2013: HK$0.085) per share in respect of the year 2014, to the shareholders whose names appear on the register of members of the Company (the "Register") on 4 June 2015, subject to the approval of the members of the Company at the Company's annual general meeting (the "AGM"). The Final Dividend is after excluding the applicable PRC income tax.

The AGM of the Company will be held on 1 June 2015. A notice of the AGM will be published and dispatched to the shareholders of the Company in due course.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules"). The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2014 and all Directors confirmed that they have fully complied with the relevant requirements set out in the Model Code during the year.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company repurchased, on the HKSE, the Buyback Shares at a price range of HK$2.64 to HK$2.99 per share. The aggregate consideration for the Buyback Shares is approximately HK$3,177,000, which was funded from internal resources of the Company. The Buyback Shares were validly cancelled on 17 January and 14 February 2014.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

Audit Committee

The Audit Committee of the Company was established on 16 November 2007 in accordance with Appendix 14 to the Listing Rules. The existing Audit Committee comprises Mr. Ting Leung Huel, Stephen (Chairman), Mr. Yue Rundong and Mr. Yang Xiaoyong, all being independent non-executive Directors.

The Audit Committee met with the management on 13 March 2015, to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the review of the Group's annual results for the year ended 31 December 2014 before proposing them to the Board for approval.

Remuneration Committee

The Company has established a Remuneration Committee to consider the remuneration for Directors and senior management of the Company. The Remuneration Committee comprises Mr. Yang Xiaoyong (Chairman) and Mr. Ting Leung Huel, Stephen who are independent non-executive Directors and Mr. Zhang Jianhong who is an executive Director.

Nomination Committee

The Company established a Nomination Committee with written terms of reference on 18 March 2012 to be responsible for the appointment of new Director(s) of the Company and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the Nomination Committee and Mr. Yang Xiaoyong and Mr. Ting Leung Huel, Stephen were appointed as the members of the Nomination Committee.

Compliance with the Corporate Governance Code

The HKSE has promulgated the Corporate Governance Code (the "Code") which came into effect for listed issuers' first financial year commencing on or after 1 January 2005. Afterwards, the HKSE has made certain revision to the Code ("the Revised Code") which becomes effective from 1 January and 1 April 2012 and 1 September 2013.

Throughout the year ended 31 December 2014, save as disclosed below, the Company has complied with the Code and the Revised Code as set out in Appendix 14 to the Listing Rules.

Code Provision A.2.1

There was a deviation from provision A.2.1 of the Code:

Mr. Zhang Jianhong is both the Chairman and Chief Executive Officer of the Company. 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 who meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Zhang, and believes that his appointment as both the Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.

Corporate Governance Committee

The Company established a Corporate Governance Committee with terms of reference on 21 March 2013 to be responsible for reviewing the Company's policies and practices on corporate governance, the Company's compliance with the Code and the Revised Code, the relevant disclosure in the Report on corporate governance code and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the Corporate Governance Committee and Mr. Liu Chuanqi and Dr. Wu Tao were appointed as the members of the Corporate Governance Committee.

ANNOUNCEMENT OF ANNUAL RESULTS AND PUBLICATION OF ANNUAL REPORT

This final results announcement is published on the Company's website at www.dongyuechem.com and the website of the HKSE at www.hkexnews.hk. The Annual Report will also be available at the websites of the Company and the HKSE and will be dispatched to shareholders of the Company in April 2015.

(2) Closure of Register of Members

The Board announces that the Register will be closed from 27 May to 1 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfers, accompanied by the relevant share certificates, must be lodged with the Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 26 May 2015.

The Board further announces that the Register will be closed from 5 June to 9 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the Final Dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 4 June 2015.

The expected date for payment of the Final Dividend is 30 June 2015.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 13 March 2015

As at the date of this announcement, the Board comprised Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Dr. Wu Tao and Mr. Zhang Jian as executive Directors; and Mr. Ting Leung Huel, Stephen, Mr. Yue Rundong and Mr. Yang Xiaoyong as independent non-executive Directors.