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CHAOYUE GROUP LIMITED

超越集團有限公司

(formerly known as Graneagle Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED MARCH 31, 2008

The board of directors (the “Board”) of Chaoyue Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended March 31, 2008, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED MARCH 31, 2008

	<i>NOTES</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	2	178,096	161,850
Cost of sales		<u>(153,671)</u>	<u>(137,213)</u>
Gross profit		24,425	24,637
Other income		2,279	2,167
Distribution and selling expenses		(938)	(1,485)
Administrative expenses		<u>(11,236)</u>	<u>(9,422)</u>
Profit from operating activities		14,530	15,897
Finance costs		(5,021)	–
Change in fair value of derivative financial instruments	10	3,405	–
Gain on disposal of subsidiaries		<u>755</u>	<u>–</u>
Profit before taxation	3	13,669	15,897
Taxation	4	<u>(1,426)</u>	<u>(1,341)</u>
Profit for the year		<u>12,243</u>	<u>14,556</u>
Earnings per share	5		
– basic		5.74 HKcents	8.71 HKcents
– diluted		<u>1.95 HKcents</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

AT MARCH 31, 2008

	<i>NOTES</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current asset			
Property, plant and equipment		<u>2,374</u>	<u>2,769</u>
Current assets			
Inventories		25,118	30,715
Trade and other receivables	7	14,771	18,190
Pledged bank deposit		–	9,040
Bank balances and cash		<u>265,532</u>	<u>44,182</u>
		<u>305,421</u>	<u>102,127</u>
Current liabilities			
Trade and other payables	8	18,984	18,311
Taxation payable		429	84
Other borrowing – secured	9	36,000	–
Derivative financial instruments	10	<u>22,231</u>	<u>–</u>
		<u>77,644</u>	<u>18,395</u>
Net current assets		<u>227,777</u>	<u>83,732</u>
Total assets less current liabilities		230,151	86,501
Non-current liabilities			
Deferred taxation		19	62
Convertible bonds	10	<u>160,209</u>	<u>–</u>
		<u>160,228</u>	<u>62</u>
Net assets		<u>69,923</u>	<u>86,439</u>
Capital and reserves			
Share capital		3,370	1,670
Reserves		<u>66,553</u>	<u>84,769</u>
Total equity		<u>69,923</u>	<u>86,439</u>

NOTES:

1. Basis of presentation

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning April 1, 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of embedded derivatives
HK(IFRIC)-INT 10	Interim financial reporting and impairment
HK(IFRIC)-INT 11	HKFRS 2: Group and treasury share transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC)-INT 12	Service concession arrangements ³
HK(IFRIC)-INT 13	Customer loyalty programmes ⁴
HK(IFRIC)-INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ³

¹ Effective for annual periods beginning on or after January 1, 2009.

² Effective for annual periods beginning on or after July 1, 2009.

³ Effective for annual periods beginning on or after January 1, 2008.

⁴ Effective for annual periods beginning on or after July 1, 2008.

The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) “Business combinations” and HKAS 27 (Revised) “Consolidation and separate financial statements”. HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

2. Turnover and segment information

Turnover represents the net amounts received and receivable for goods sold during the year.

(A) Business segments

The Group's entire turnover and more than ninety percent of the group's assets are contributed by its garment business and therefore no business segment analysis is presented.

(B) Geographical segments

The Group's operations are located in Hong Kong. All the Group's turnover and contribution to results were derived from the sales to the United States of America ("USA").

Segment assets, segment liabilities, additions to property, plant and equipment by location of customers were not presented as all the customers are located in USA.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
USA	9,553	17,605	–	–
Hong Kong	5,613	574	268	2
Mainland China (the "PRC")	27,097	33,301	760	1,077
	<u>42,263</u>	<u>51,480</u>	<u>1,028</u>	<u>1,079</u>
Unallocated	265,532	53,416	–	–
	<u><u>307,795</u></u>	<u><u>104,896</u></u>	<u><u>1,028</u></u>	<u><u>1,079</u></u>

3. Profit before taxation

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Directors' emoluments	955	1,080
Other staff costs	3,896	3,265
Other staff's retirement benefit scheme contributions	129	140
	<hr/>	<hr/>
Total staff costs	4,980	4,485
Auditor's remuneration:		
– current year	550	460
– underprovision in prior years	–	68
Allowance for inventories	1,763	1,047
Cost of inventories recognised as expense	148,133	133,537
Depreciation	1,268	1,550
Impairment loss recognised in respect of property, plant and equipment	–	166
Net exchange loss	–	281
Operating lease rentals in respect of:		
– rented premises	1,179	1,021
– office equipment	3	–
– motor vehicle	78	155
Textile quota expenses	3,775	2,629
Loss on disposal of property, plant and equipment	2	–
Interest on:		
– other borrowing	1,637	–
– convertible bonds	3,384	–
and after crediting:		
Bank interest income included in other income	2,226	2,125
Gain on disposal of property, plant and equipment	–	5
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4. Taxation

The taxation charge comprises:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong Profits Tax		
– current year	1,474	1,398
–(over)/under provision in prior years	<u>(5)</u>	<u>8</u>
	1,469	1,406
Deferred taxation		
– deferred taxation credit	<u>(43)</u>	<u>(65)</u>
	<u>1,426</u>	<u>1,341</u>

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year.

5. Earnings per share

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings for the purposes of basic earnings per share, being profit for the year attributable to equity holders of the Company	12,243	<u>14,556</u>
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	3,384	
Changes in fair value of derivative financial instruments	<u>(3,405)</u>	
Earnings for the purpose of diluted earnings per share	<u>12,222</u>	
		Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	213,140,605	<u>167,031,016</u>
Effective of dilutive potential ordinary shares:		
Convertible bonds	333,616,438	
Warrants	<u>80,001,844</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>626,758,887</u>	

No diluted earnings per share has been presented for the year end March 31, 2007 as there were no dilutive potential ordinary shares outstanding.

6. Dividends

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Ordinary shares:		
Special dividend – HK29 cents per share for the year ended March 31, 2007	48,439	–
Final dividend paid – HK3 cents per share for the year ended March 31, 2007 (2007: HK3 cents for the year ended March 31, 2006)	<u>5,011</u>	<u>5,011</u>
	<u>53,450</u>	<u>5,011</u>

The directors do not recommend the payment of a final dividend for the year ended March 31, 2008.

7. Trade and other receivables

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables	9,553	17,605
Other receivables	<u>5,218</u>	<u>585</u>
	<u>14,771</u>	<u>18,190</u>

Apart from payment by letter of credit, settlement is generally on an open account basis with credit terms ranging from 30 days to 60 days following the month of sale and there is no collateral held by the Group. The ageing analysis of the trade receivable is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-30 days	<u>9,553</u>	<u>17,605</u>

8. Trade and other payables

Included in trade and other payables are trade payables of HK\$15,135,000 (2007: HK\$13,919,000). The following is an ageing analysis of the trade payables:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-30 days	13,415	12,268
31-60 days	1,663	1,618
61-90 days	4	–
>90 days	<u>53</u>	<u>33</u>
	<u>15,135</u>	<u>13,919</u>

9. Other borrowing – secured

The Group borrowed HK\$36,000,000 on October 10, 2007 from an independent third party, which carried interest at 1% per month with effective interest rate of 12% per annum. Interest is payable monthly and the principal amount will be matured and repayable on March 9, 2009. The borrowing is secured by the shares of a subsidiary of the Group.

10. Convertible bonds

On December 24, 2007, the Company issued zero coupon convertible bonds denominated in HK\$ in an aggregate principal amount of HK\$124,500,000 to a substantial shareholder, Long Grand Limited, (“Subscription Bond”) and HK\$60,000,000 to outsiders (“Placing Bond”), respectively (collectively known as the “Convertible Bonds”). The Convertible Bonds will be matured on the second anniversary of the date of issue of the Convertible Bonds, December 24, 2009. The Convertible Bonds entitle the holders to convert them into ordinary shares (“Conversion Shares”) of the Company at any time between the date of issue of the Convertible Bonds and their maturity date on December 24, 2009 at a conversion price of HK\$0.15 per share, subject to adjustments. If the Convertible Bonds have not been converted, they will be redeemed on December 24, 2009 at their principal amount and the Company can early redeem the Convertible Bonds at any time before the maturity of the Convertible Bonds at 100% of the principal amount of the Convertible Bonds.

Upon the Convertible Bonds holders exercising the conversion rights attached to the Convertible Bonds, the Company shall issue the warrants to subscribe for new ordinary shares of the Company at an subscription price of HK\$0.15 per share at anytime from the date of issue to the date falling on the first anniversary of the date of issue (in the proportion of one warrant for every four Conversion Shares) (the “Warrants”) by way of bonus issue to the holders of the Convertible Bonds.

The net proceeds received from the issue of Convertibles Bonds contain the following components that are required to be separately accounted for:

- (i) Liability component for the Convertible Bonds represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the Convertible Bonds, but without the conversion option. The effective interest rate of the liability component is 7.95%.
- (ii) Embedded derivatives, comprising:
 - (a) The fair value of redemption discretionary option represents the Company’s option to early redeem all or part of the Convertible Bonds; and
 - (b) The fair value of conversion option represents the option of the bondholders to convert the Convertible Bonds into equity of the Company at a conversion price of HK\$0.15 and the issuance of Warrants by way of bonus issue for every four Conversion shares with an exercise price of HK\$0.15.

No conversion right have been exercised during the period from the date of issue to the balance sheet date.

The liability component of the Convertible Bonds and the net balance of the fair value of the embedded derivatives as at March 31, 2008 were HK\$160,209,000 and HK\$22,231,000 respectively.

During the year ended March 31, 2008, HK\$3,384,000 finance cost, which was accrued based on the effective interest rate of the liability component of the Convertible Bonds, and a gain on change in fair value of the embedded derivatives of the Convertible Bonds of HK\$3,405,000 were recognized in the income statement.

BUSINESS REVIEW

Financial Results

The result of the current year was mainly contributed by the garment business of the Group. The Group's consolidated turnover for the year ended March 31, 2008 amounted to approximately HK\$178,096,000 (2007: HK\$161,850,000), representing an increase of 10.04% from last year and such increase was due to the increase in sales volume to the Group's customers in the United States. Despite the increase in turnover, the Group's gross profit margin in current year decreased from 15.22% in 2007 to 13.71% in the current year and the profit from operating activities decreased by 8.60% as compared with 2007. The decrease in gross profit for the current year was mainly attributable to the substantial increase in the subcontracting charges for garment manufacturing in China. The decrease in profit from operation for the current year was caused by the significant increase in the administrative expenses, such as a 11.04% increase in staff costs (including directors' emoluments) from HK\$4,485,000 for the last year to HK\$4,980,000 for the current year and a six times increase in professional fees from HK\$220,000 for last year to HK\$1,390,000 for the current year. The sharp rise in professional fees was due to legal and professional advisers' fee was incurred for the Group's corporate exercises carried out during the year.

The Group's profit before tax is further decreased to HK\$13,669,000 million in current year. The reason for the decline is mainly due to the HK\$5,021,000 finance costs incurred for the HK\$36,000,000 secured loan in a subsidiary and the HK\$184,500,000 convertible bonds in the Company. The financial costs significantly offset the gain from change in fair value of derivative financial instruments embedded in the convertible bonds, which amounted to HK\$3,405,000, and the gain amounted to HK\$755,000 resulted from the disposal of a wholly-owned subsidiary, Gentech (Asia) Limited, in May 2007.

Basic earnings per share for the current year decreased to 5.74 HK cents as a result of the decrease in earnings as mentioned above and increase in number of issued shares as a result of the subscription of 170,000,000 shares by Long Grand Limited during the year. In view of the issuance of convertible bonds during the current year, there exists a potential dilutive effect on the earnings per share of the Company. The diluted earnings per share of the Company for current year is 1.95 HK cents.

Financial position and liquidity

The financial position of the Group improve significantly in current year. The cash and cash equivalents of the Group as at March 31, 2008 amounted to HK\$265,532,000 (2007: HK\$44,182,000). The Group's working capital as to March 31, 2008 increased substantially to HK\$227,777,000 as compared to HK\$83,732,000 as of last year end.

As at March 31, 2008, the Group had outstanding zero-coupon convertible bonds with repayable principal amount of HK\$184,500,000 and a loan of HK\$36,000,000, which was interest bearing at 1% per month payable monthly with the principal amount payable on March 9, 2009 and secured by the shares of a subsidiary of the Group. The gearing ratio of the Group, which is expressed as a percentage

of total borrowings (outstanding repayable principal balance of the convertible bonds and the other loan) to shareholders' funds, increased from zero in 2007 to 3.15 for the current year. The management considered that the gearing ratio will return to normal level after the convertible bonds are converted in the future.

Since the majority of the Group's transactions, monetary assets and liabilities are denominated in Hong Kong dollars and US dollars, with relatively stable Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group's exposure to foreign currency risk is insignificant.

Capital structure

On November 14, 2007, the Company entered into an agreement ("Subscription Agreement") with Long Grand Limited ("Long Grand"). Pursuant to the Subscription Agreement, the Company issued to Long Grand 170,000,000 ordinary shares at HK\$0.15 each ("Subscription Shares") and two-year zero coupon convertible bonds ("Subscription Bonds") in an aggregate amount of HK\$124,500,000, which are convertible into shares at an initial conversion price of HK\$0.15 per share (subject to adjustments) with the unlisted warrants of the Company ("Subscription Warrants") (in proportion of one Subscription Warrant for every four new shares to be issued upon the exercise of the conversion rights attaching to the Subscription Bonds) attached conferring right to subscribe up to HK\$31,125,000 in aggregate in cash for new shares at an initial subscription price of HK\$0.15 per share (subject to adjustments).

On November 14, 2007, the Company also entered into an agreement ("Placing Agreement") with Emperor Securities Limited (the "Placing Agent"). Pursuant to the Placing Agreement, the Placing Agent placed two-year zero coupon convertible bonds ("Placing Bonds") with an aggregate principal amount of HK\$60,000,000, which are convertible into new shares at an initial conversion price of HK\$0.15 per share (subject to adjustments) with the unlisted warrants of the Company ("Placing Warrants") (in proportion of one Placing Warrant for every four new shares to be issued upon the exercise of the conversion rights attaching to the Placing Bonds) attached conferring rights to subscribe up to HK\$15,000,000 in aggregate in cash for new shares at an initial subscription price of HK\$0.15 per share (subject to adjustments).

No Subscription Bonds or Placing Bonds had been converted before March 31, 2008. The total issued share capital of the Company increased to 337,031,016 shares as at March 31, 2008 as a result of the subscription of the Subscription Shares by Long Grand.

Employment and remuneration policy

As at March 31, 2008, the Group employed 17 employees, whose salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include mandatory provident fund and an education subsidy to encourage staff's professional development. The Group also has a discretionary share option scheme in place designed to award employees for their performance. There was no share option granted to any employee during the year.

Future plan and prospects

The financial year ended March 31, 2008 has been a period of major transition for the Group. The controlling shareholder of the Company was changed in September 2007 upon completion of the acquisition of 81,246,188 shares (represented 48.64% of the then issued shares) of the Company by Rich Wing Investments Limited (“Rich Wing”) and the board composition was changed in October 2007. Subsequently in November 2007, Long Grand entered into an agreement with Rich Wing to acquire 81,246,188 shares owned by Rich Wing and made a general offer (“Offer”) to acquire the shares of the Company. The Company also entered into the Subscription Agreement with Long Grand and the Placing Agreement with the Placing Agent involving the issue of the Subscription Shares, the Subscription Bonds and the Placing Bonds. As a result of these transactions, Long Grand became the controlling shareholder of the Company, after which the Company’s name was changed to Chaoyue Group Limited with the appointment of new board members.

Although the Group had undergone such changes in the shareholding structure in the second half of the financial year ended March 31, 2008, the operation of the existing garment business has not been affected, as mature systems have been established and the staff who manage the operation of this business is relatively stable.

In October 2007, the Group entered into a non-legally binding letter of intent with Harbin Ai Da Investment Limited (哈爾濱愛達投資置業有限公司), an independent third party, to form a joint venture with registered capital of RMB300 million to undertake property development and sale in China, of which the Group shall contribute 55% (i.e. RMB165 million). In view of the downturn of the property market in PRC recently, no concrete plan on the development of the joint venture has been formulated.

With (1) the disposal of Gentech (Asia) Limited in May 2007 which is engaged in non-core business of the development, production and distribution of health food and supplement products in PRC; (2) the injection of approximate HK\$208 million cash as working capital and investment fund after the introduction of new controlling shareholder and investors; and (3) appointment of new board members to the Company, the Board believes solid foundation is laid for the Group’s future development.

Apart from the Group's existing garment business, the Board, with their professional expertise and experience, is also looking for new business opportunities so as to diversify the business scope of the Group. The Board will seek to secure investment projects with high growth potential in order to maximize the value of the Company for our shareholders.

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

During the year, neither the Company nor any of its subsidiaries purchased and sold any of the Company’s listed securities. The Company did not redeem any of the Company’s listed securities during the year.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with directors the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the annual results, related to the preparation of the 2008 annual report.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and related notes thereto for the year ended March 31, 2008 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code On Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended March 31, 2008, except for the following deviation:

Under Code Provision A.2.1 of the CG Code, the roles and responsibilities of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Kong Ho Pak and Mr. Ling Tai Yuk, John were the Chairman and Chief Executive Officer of the Company respectively before their resignation on October 16, 2007. The Company does not appoint individuals to take up the title of Chairman and Chief Executive Officer since their resignation. Currently, Mr. Yuen Leong serves the role of chairman of the Board and the chief executive officer of the Company. Since the role of chief executive officer/general manager of the Company's major operating subsidiaries are performed by other persons and they are directly accountable to the Board, the Board believes that the existing arrangement is adequate.

Depending on the future development of the business of the Company, eventually the Board will actively consider the issue of nominating appropriate candidates to take up the title of Chairman and Chief Executive Officer.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following a specific enquiry, all directors confirmed that they complied with the code of conduct regarding directors' securities transactions throughout the year.

CHANGE OF COMPANY'S NAME

By a special resolution passed by the shareholders of the Company on May 9, 2008, the name of the company was changed from "Graneagle Holdings Limited" to "Chaoyue Group Limited 超越集團有限公司". The Chinese name, being "鷹馳實業有限公司" which was previously adopted for identification purpose, was no longer adopted.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.chaoyuehk.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2008 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

By order of the Board
Chaoyue Group Limited
Yuen Leong
Executive Director

Hong Kong, June 20, 2008

As at the date of this announcement, the Board comprises Mr. Yuen Leong as Executive Director; and Ms. Chen Ye, Mr. Chan Wai Dune and Dr. Lam Man Kit, Dominic as Independent Non-Executive Directors.