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CHAOYUE GROUP LIMITED

超越集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 147)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2015

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 31 March 2015, together with the comparative figures for the corresponding period of 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Revenue	4	2,424	3,007
Cost of sales and services		<u>(2,085)</u>	<u>(2,017)</u>
Gross profit		339	990
Other income, gains and losses	5	(2,045)	500
Selling expenses		(15)	(125)
Administrative expenses		(21,556)	(19,091)
Expenses on very substantial acquisition		(8,221)	–
Impairment loss on goodwill	9	(172,707)	(462)
Share of results of associates	10	<u>(24,236)</u>	<u>(30,313)</u>
Loss before taxation		(228,441)	(48,501)
Income tax	6	<u>–</u>	<u>–</u>
Loss for the year	7	<u>(228,441)</u>	<u>(48,501)</u>
Other comprehensive income (expense) for the year			
Item that will not be reclassified			
subsequently to profits or losses:			
Exchange differences arising on translation		<u>815</u>	<u>(57)</u>
Total comprehensive expense for the year		<u><u>(227,626)</u></u>	<u><u>(48,558)</u></u>

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year attributable to:			
– Owners of the Company		(223,794)	(43,927)
– Non-controlling interests		(4,647)	(4,574)
		<u>(228,441)</u>	<u>(48,501)</u>
Total comprehensive expense attributable to:			
– Owners of the Company		(223,073)	(44,048)
– Non-controlling interests		(4,553)	(4,510)
		<u>(227,626)</u>	<u>(48,558)</u>
Loss per share	8		
Basic and diluted (HK cents)		<u>(1.18)</u>	<u>(0.23)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		3,406	1,720
Goodwill		–	–
Interests in associates	<i>10</i>	–	23,481
Deferred tax assets		55,573	–
Land development expenditure		301,500	–
		<hr/> 360,479 <hr/>	<hr/> 25,201 <hr/>
CURRENT ASSETS			
Inventories		–	766
Properties for sale	<i>11</i>	2,044,935	–
Trade and other receivables	<i>12</i>	319,798	5,884
Amount due from ultimate holding company		39	–
Restricted/pledged bank deposits		395,479	–
Bank balances and cash		196,523	204,353
		<hr/> 2,956,774 <hr/>	<hr/> 211,003 <hr/>
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	718,700	3,347
Deposits received for sale of properties		755,696	–
Borrowings	<i>14</i>	1,562,275	–
Amount due to non-controlling interests		73,526	–
Tax liabilities		42,395	–
		<hr/> 3,152,592 <hr/>	<hr/> 3,347 <hr/>
NET CURRENT (LIABILITIES) ASSETS		<hr/> (195,818) <hr/>	<hr/> 207,656 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 164,661 <hr/>	<hr/> 232,857 <hr/>
NON-CURRENT LIABILITY			
Deferred tax liability		81,125	–
NET ASSETS		<hr/> 83,536 <hr/>	<hr/> 232,857 <hr/>
CAPITAL AND RESERVES			
Share capital		19,039	19,039
Reserves		(15,902)	207,171
Equity attributable to owners of the Company		3,137	226,210
Non-controlling interests		80,399	6,647
		<hr/> 83,536 <hr/>	<hr/> 232,857 <hr/>

Notes:

1a. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability under the Bermuda Companies Act and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The immediate and ultimate holding company is Long Grand Limited, a company incorporated in the British Virgin Islands (the “BVI”), which is owned by Mr. Yam Yu and Mr. Yuen Leong (a director and Chief Executive of the Company) of 70% and 30%, respectively. The address of the registered office and principal place of business of the Company is disclosed in the Corporate Information section of the Annual Report.

The functional currency of the Company is Renminbi (“RMB”) as the Group’s operation is mainly in the People’s Republic of China (the “PRC”). As the shares of the Company are listed in the Stock Exchange, for the convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollar (“HK\$”), the presentation currency for the consolidated financial statements.

1b. BASIS OF PREPARATION

The Group’s current liabilities exceeded its current assets by approximately HK\$195,818,000 as at 31 March 2015. The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due for the foreseeable future after taking into account the expected extension of repayment period of borrowings and internally generated funds. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and revised HKFRSs applied in the current year

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

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities
Amendments to HKFRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKFRS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The application of the new or revised standards, amendments or interpretations have had no material impact on the Group’s consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE AND SEGMENT INFORMATION

On 31 March 2015, the Group acquired 70% equity interests in Liuzhou Zhenghe Huagui Zhiye Group Company Limited (“Liuzhou Zhenghe”) and its subsidiaries. The principal activities of Liuzhou Zhenghe and its subsidiaries are property development, which include the undertaking of primary land development activities, in PRC, which becomes the new operating and reportable segment to the Group for the year ended 31 March 2015.

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group’s operating divisions which is consistent with the internal information that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance.

The Group has three operating and reportable segments under HKFRS 8 as follows:

- Consultancy services – Provision of corporate management consultancy services (such as business development related to business acquisition and investment opportunities studies, system development related to internal control and computer system development and human resource services) mainly in the PRC
- Trading of goods – Sales of construction materials and wines
- Property development – Developing and selling of commercial and residential properties, including undertaking of primary land development activities in the PRC

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments for the year ended 31 March 2015 and 2014.

For the year ended 31 March 2015

	Property development <i>HK\$'000</i>	Consultancy services <i>HK\$'000</i>	Trading of goods <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
External sales	–	2,337	87	–	2,424
Inter-segment sales	–	1,189	–	(1,189)	–
Segment revenue	–	3,526	87	(1,189)	2,424
Segment loss	–	(1,403)	(1,535)	–	(2,938)
Unallocated income					912
Unallocated corporate expenses					(29,472)
Impairment loss on goodwill					(172,707)
Share of results of associates					(24,236)
Loss before taxation					(228,441)

For the year ended 31 March 2014

	Consultancy services <i>HK\$'000</i>	Trading of goods <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales	2,937	70	–	3,007
Inter-segment sales	1,189	–	(1,189)	–
Segment revenue	4,126	70	(1,189)	3,007
Segment loss	(2,026)	(1,553)	–	(3,579)
Unallocated income				843
Unallocated corporate expenses				(14,990)
Impairment loss on goodwill				(462)
Share of results of associates				(30,313)
Loss before taxation				(48,501)

Note: Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the results from each segment without allocation of central administration costs including directors' emoluments, interest income, share of results of associates, impairment loss on goodwill and income tax. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment as at 31 March 2015 and 2014.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
ASSETS		
<i>Segment assets</i>		
Assets for operating and reportable segments		
Property development	3,111,407	–
Consultancy services	–	4,237
Trading of goods	–	776
	<hr/>	<hr/>
Total segment assets	3,111,407	5,013
	<hr/>	<hr/>
Unallocated assets		
Bank balances and cash	196,523	204,353
Interests in associates	–	23,481
Others	9,323	3,357
	<hr/>	<hr/>
Total unallocated assets	205,846	231,191
	<hr/>	<hr/>
Consolidated total assets	3,317,253	236,204
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
<i>Segment liabilities</i>		
Liabilities for operating and reportable segments		
Property development	(3,224,320)	–
Consultancy services	(2,221)	(1,888)
	<hr/>	<hr/>
Total segment liabilities	(3,226,541)	(1,888)
	<hr/>	<hr/>
Unallocated liabilities		
Others	(7,176)	(1,459)
	<hr/>	<hr/>
Consolidated total liabilities	(3,233,717)	(3,347)
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than bank balances and cash, interests in associates and other assets not attributable to respective segments; and
- all liabilities are allocated to operating segments other than other payables not attributable to respective segments.

Other segment information

For the year ended 31 March 2015

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

	Property development <i>HK\$'000</i>	Consultancy services <i>HK\$'000</i>	Trading of goods <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Addition to property, plant and equipment	1,078	–	–	2,447	3,525
Depreciation of property, plant and equipment	–	211	–	119	330
Impairment on property, plant and equipment	–	1,490	–	–	1,490
Impairment on goodwill	172,707	–	–	–	172,707
Provision for bad and doubtful debts, net	–	1,258	–	–	1,258
Gain on disposal of property, plant and equipment	–	37	–	–	37
Allowance for inventories	–	–	660	–	660
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 March 2014

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

	Consultancy services <i>HK\$'000</i>	Trading of goods <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to property, plant and equipment	277	–	277
Depreciation of property, plant and equipment	768	–	768
Impairment on goodwill	462	–	462
	<u> </u>	<u> </u>	<u> </u>

Information about geographical areas

The Group's operations are principally located in the PRC (country of domicile). All revenue from external customers were generated from customers in the PRC. All non-current assets of the Group are mainly located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follow:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A (note i)	–	587
Customer B (note i)	1,168	1,175
Customer C (note i)	1,169	1,175
	<u> </u>	<u> </u>

Note i: Revenue from consultancy services

Note ii: The proportion of revenue from trading of goods is less than 10%.

Information about products and services

An analysis of the Group's revenue for the year is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Consultancy services	2,337	2,937
Trading of goods	87	70
	<u>2,424</u>	<u>3,007</u>

5. OTHER INCOME, GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	772	678
Investment income	103	165
Net exchange (loss) gain	(197)	108
Provision for bad and doubtful debts	(1,258)	–
Impairment loss on property, plant and equipment	(1,490)	–
Gain on disposal of property, plant and equipment	37	–
Others	(12)	(451)
	<u>(2,045)</u>	<u>500</u>

6. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The PRC Enterprise Income Tax ("EIT") is calculated based on the applicable tax rate on assessable profits, if applicable. The applicable EIT rate for the Company's PRC subsidiaries including the group entities set up or acquired during the year ended 31 March 2015 is 25% (2014: 25%).

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

The Group is required to prepay LAT and EIT in accordance with the relevant PRC tax rules in respect of pre-sale of property development projects. As at 31 March 2015, amount of approximately HK\$17,635,000 (2014: nil) has been prepaid and netted off against the tax liabilities in the consolidated statement of financial position.

At the end of the reporting period, the Group has the following unused tax losses that can be carried forward to future years. Their respective expiration years are as follows:

<u>Expiry year</u>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
2018	531	531
2019	3,309	3,309
2020	3,766	–
No expiry date	<u>39,563</u>	<u>39,485</u>
	<u>47,169</u>	<u>43,325</u>

No deferred tax asset has been recognised in respect of unused tax losses available for offset against future profits due to unpredictability of future profit streams.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Directors' emoluments	1,818	1,815
Other staff salaries, wages and allowances	7,902	9,354
Other staff retirement benefit scheme contributions	<u>365</u>	<u>243</u>
Total staff costs	<u>10,085</u>	<u>11,412</u>
Auditor's remuneration	1,400	950
Depreciation of property, plant and equipment	330	768
Impairment losses on property, plant and equipment	1,490	–
Impairment loss on goodwill	172,707	462
Provision for bad and doubtful debts	1,258	–
Allowance for inventories	660	–
Rental expenses in respect of rented premises	5,133	3,213
Listing fee	<u>1,071</u>	<u>1,069</u>

8. LOSS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(223,794)</u>	<u>(43,927)</u>
Number of shares for the purposes of basic and diluted loss per share (<i>note</i>)	<u>19,039,072,320</u>	<u>19,039,072,320</u>

Note: The number of shares for the purposes of basic and diluted loss per share includes the convertible preference shares as they rank equally among themselves and pari passu with all other ordinary shares of the Company in issue with respect of the right to any dividends or distribution declared.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the shares for both 2015 and 2014.

9. GOODWILL

HK\$'000

COST	
At 1 April 2013 and 31 March 2014	462
Arising on acquisition of business (<i>note 15</i>)	172,707
	<hr/>
At 31 March 2015	173,169
	<hr/>
IMPAIRMENT LOSS	
At 1 April 2013	–
Provision for the year	462
	<hr/>
At 31 March 2014	462
Provision for the year	172,707
	<hr/>
At 31 March 2015	173,169
	<hr/>
CARRYING AMOUNT	
At 31 March 2015	–
	<hr/> <hr/>
At 31 March 2014	–
	<hr/> <hr/>

During the year ended 31 March 2015, the Group acquired 70% equity interest in Liuzhou Zhenghe and its subsidiaries from an independent third party at total consideration of approximately HK\$355,420,000. For the purpose of impairment testing, goodwill with indefinite useful lives has been allocated to one individual cash generating unit (CGU), being property development unit.

Subsequent to the acquisition date, management of the Company have performed an impairment assessment of the property development unit in order to estimate the recoverable amount of the property development unit. The assessment was performed based on value in use calculation. That calculation uses estimation of the cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 12.16%. Other key assumptions for the value in use calculation related to the cash inflows/outflows which include budgeted sales and gross margin. For impairment testing purposes, the management of the Company has estimated future cash flows based on reasonable and supportable assumptions, taking into account the unit's past performance and management's prudent expectation for the market development. The carrying amount of goodwill allocated to this CGU is determined to be fully impaired with reference to the above assessment and the impairment loss was mainly due to the fact that the state and conditions of the PRC property market in Liuzhou city could not provide sufficient support for the Group's expectations made when the acquisition price was negotiated and accordingly could not be included in the cash flow projections, thus resulting in loss making by this CGU for few months immediately before the acquisition date.

The impairment losses recognised during year ended 31 March 2015 to reduce the carrying amount of goodwill is approximately HK\$172,707,000.

During the year ended 31 March 2014, goodwill amounted to approximately HK\$462,000 is allocated to the cash generating unit which carried out the Group's corporate management consultancy services under the consultancy services segment. The goodwill was fully impaired due to loss making performance of this operation.

10. INTERESTS IN ASSOCIATES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of interest in associates	56,648	56,648
Share of post-acquisition loss and other comprehensive income	<u>(56,648)</u>	<u>(33,167)</u>
	<u><u>–</u></u>	<u><u>23,481</u></u>

During the year ended 31 March 2015, Acme Day Limited, Fastmind Investments Limited and their subsidiaries (“Mining Group”) made a loss due to (a) pre-operating loss: the Mining Group incurred expenses for preparing for commercial operations which will start after successful completion of the exploration and evaluation stages; and (b) impairment loss on intangible assets and property, plant and equipment mainly due to decrease in metals market prices by comparing to previous year. The Group’s share of impairment loss recognised by the associates amounted to approximately HK\$19,211,000 (2014: HK\$9,231,000) for the year ended 31 March 2015.

The summarised financial information in respect of the Group’s associates is set out below on a consolidated basis:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current assets	591,234	458,788
Non-current assets	<u>9,631</u>	<u>33,942</u>
	<u><u>600,865</u></u>	<u><u>492,730</u></u>
Current liabilities	(730,210)	(414,459)
Non-current liabilities	<u>–</u>	<u>–</u>
	<u><u>(730,210)</u></u>	<u><u>(414,459)</u></u>
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Total revenue	<u>–</u>	<u>–</u>
Loss for the year	(80,786)	(101,043)
Other comprehensive income (expense) for the year	<u>2,515</u>	<u>(955)</u>
Total comprehensive expense for the year	<u><u>(78,271)</u></u>	<u><u>(101,998)</u></u>
Group’s share of results of associates	(24,236)	(30,313)
Group’s share of other comprehensive income (expense) for the year	<u>755</u>	<u>(287)</u>
Group’s share of total comprehensive expense for the year	<u><u>(23,481)</u></u>	<u><u>(30,600)</u></u>

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net (liabilities) assets of associates	(129,345)	78,271
Proportion of the Group's ownership interests in associates	30%	30%
	<u>(38,803)</u>	<u>23,481</u>
Share of net liabilities position not taken by the Group	<u>38,803</u>	<u>–</u>
Carrying amount of the Group's interests in associates	<u><u>–</u></u>	<u><u>23,481</u></u>

Amount of approximately HK\$38,803,000 represented the unrecognised share of losses of associates for the year ended 31 March 2015 (2014: nil).

11. PROPERTIES FOR SALE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Completed properties for sale	317,339	–
Properties under development for sale	1,727,596	–
	<u>2,044,935</u>	<u>–</u>
Carrying amount of properties under development for sale expected to be completed:		
Within one year	267,000	–
After one year	1,460,596	–
	<u>1,727,596</u>	<u>–</u>

As at 31 March 2015, certain properties for sale with carrying amount of approximately HK\$580,243,000 (2014: nil) were pledged to secure certain bank and other loans of the Group.

12. TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	1,817	2,527
Less: allowance for doubtful debts	<u>(1,258)</u>	<u>–</u>
	559	2,527
Other receivables and prepayments		
Other deposits (<i>note a</i>)	25,724	–
Prepayments for construction work	216,316	–
Other tax prepayment	9,334	–
Staff advances	657	–
Interest receivables	10,478	–
Other receivables	3,276	548
Other prepayment	3,865	2,809
Amounts due from third parties (<i>note b</i>)	<u>49,589</u>	<u>–</u>
Total trade and other receivables	<u>319,798</u>	<u>5,884</u>

Notes:

- a) Other deposits include an amount of approximately HK\$24,118,000 guarantee deposits paid to the local government for the Group to construct a hotel in Liuzhou city. The amount will be fully refunded at the commencement of the construction, which is expected to be refunded during the year ended 31 March 2016.
- b) Amounts represent the balance due from individual third parties which were non-trade related, unsecured, interest-free and repayable on demand. In addition, included in amounts due from third parties is an amount of approximately HK\$38,081,000 of which 廣西正桓貿易有限公司 (Guangxi Zhenghuan Trading Company Limited)*, a wholly owned subsidiary of Liuzhou Zhenghe, borrowed the money from the bank on behalf of 廣西正和實業集團有限公司 (Guangxi Zhenghe Industrial Co., Ltd) (“Guangxi Zhenghe Industrial”)*, which was the holding company of former shareholder of Liuzhou Zhenghe at the time of the borrowing and the borrowing is secured by the assets of Guangxi Zhenghe Industrial.

* The English name is for identification purpose only

The following is an aged analysis of trade receivables of the Group presented based on the date of delivery of properties to the customers at year end of 31 March 2015 and based on invoice date at year end of 31 March 2014, which approximated the respective revenue recognition date:

	2015 HK\$'000	2014 HK\$'000
0-90 days	–	10
91-180 days	559	–
181-365 days	–	629
1-2 years	<u>–</u>	<u>1,888</u>
	<u>559</u>	<u>2,527</u>

The trade receivables as at 31 March 2015 included the receivables from the property sales of approximately HK\$559,000, whereby the banks have agreed to provide mortgage facilities to the property purchasers and the banks are in the process of releasing the funds to the Group.

Trade receivables as at 31 March 2014 represent receivables from consultancy service.

Consideration in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portion on instalment payment are received on or before the date of delivery of the properties to customers and the remaining balance are normally settled within 90 days from date of delivery.

Apart from the trade receivables arising from properties sold, the Group generally allows an average credit period of 30 days to 180 days to its trade customers.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

Apart from the trade receivables on customers arising from properties sold, before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year. In determining the recoverability of a trade receivable, the Group considers changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

At 31 March 2015, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$559,000 (2014: HK\$2,517,000) which are past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
181-365 days	559	629
1-2 years	<u>–</u>	<u>1,888</u>
	<u>559</u>	<u>2,517</u>

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at beginning of the year	–	–
Impairment losses recognised	<u>1,258</u>	<u>–</u>
Balance at the end of the year	<u>1,258</u>	<u>–</u>

As at 31 March 2015, included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of HK\$1,258,000 (2014: nil).

13. TRADE AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Trade payables	29,774	–
Accrued construction cost to contractors (<i>note a</i>)	90,971	–
Receipt in advance from customers	1,269	1,888
Accruals	2,532	1,105
Amount due to staff	10,282	–
Amount due to third parties (<i>note b</i>)	218,097	–
Retention payables (<i>note c</i>)	5,712	–
Payables for acquisition of subsidiaries (<i>note d</i>)	355,420	–
Other payables	1,488	160
Other tax payables (<i>note e</i>)	3,155	194
	<u>718,700</u>	<u>3,347</u>

Notes

- (a) Balances represent accrued construction costs payable to contractors as at 31 March 2015.
- (b) Balances represent the amounts due to third parties which were non-trade related, unsecured, interest-free and repayable on demand. As at 31 March 2015, included in amounts due to third parties included an amount of approximately HK\$9,034,000 due to Guangxi Zhenghe Industrial, which is the former related party of Liuzhou Zhenghe. The remaining aggregate amounts of approximately HK\$209,063,000 mainly represent the amounts due to third parties, namely, 桂林市房地產華奧開發有限公司, 柳州市煌騰農資有限公司, 柳州翔科投資有限公司 and 福州大展實業有限公司, which represent monies advanced by these parties when they were business partners of the then majority shareholder of Liuzhou Zhenghe.
- (c) Balances represent the retention money held by the Group according to construction contracts in which such amounts will be released within one year after the completion of the construction work.
- (d) Balance represents the consideration payable for acquisition of subsidiaries, which was due and paid in April 2015.
- (e) Balance as at 31 March 2015 mainly consisted of 契稅 (Deed Tax) payable amounting to approximately HK\$2,860,000.

Trade payables principally comprise amounts outstanding for purchase of construction materials for properties for sale. The average credit period for purchase of construction materials ranged from 180 days to 365 days.

The following is an aged analysis of the Group's trade payables presented based on the date of materials received at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
0-90 days	27,332	–
91-180 days	820	–
181-365 days	1,600	–
Over 365 days	22	–
	<u>29,774</u>	<u>–</u>

14. BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans	82,508	–
Other loans	1,479,767	–
	<u>1,562,275</u>	<u>–</u>
Analysed as:		
Secured	1,368,368	–
Unsecured	193,907	–
	<u>1,562,275</u>	<u>–</u>

As at 31 March 2015, all borrowings were fixed-rate borrowings and denominated in RMB and due within one year.

The ranges of effective interest rates on the Group's fixed-rate borrowings are as follows:

	2015	2014
Effective interest rate	<u>7.45%-12.00%</u>	<u>–</u>

As at 31 March 2015, included in the Group's other loans is an aggregate amount of HK\$1,368,368,000 representing loans provided by trust companies. The borrowings carry interest at fixed rate ranging from 7.8% to 12.00% per annum.

As at 31 March 2015, certain of the Group's trust loans were indirectly secured by the Group's properties for sale and bank deposits pledged to a bank and the bank has in turn issued letter of guarantee to the trust companies as security for the loans granted.

The followings show the carrying amounts of assets pledged to secure the borrowings provided to the Group:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Secured by:		
Properties for sale	580,243	–
Pledged deposits	342,727	–
	<u>922,970</u>	<u>–</u>

In addition to the Group's own assets pledged, Guangxi Zhenghe Industrial, which is the former related party of Liuzhou Zhenghe and other related parties of former shareholder of Liuzhou Zhenghe had also pledged certain assets to the bank to secure the borrowings to the Group.

15. ACQUISITION OF SUBSIDIARIES

On 31 March 2015, the Group acquired 70% equity interests in Liuzhou Zhenghe and its subsidiaries from an independent third party, Fuqing Wangfu Property Development Company Limited (“Fuqing Wangfu”), by cash consideration of RMB280,000,000, equivalent to approximately HK\$355,420,000. The amount of goodwill arising as a result of the acquisition was approximately HK\$172,707,000. Liuzhou Zhenghe and its subsidiaries are principally engaged in the primary land development and development and sale of properties in PRC. The Group acquired Liuzhou Zhenghe so as to diversify the Group’s business scope into property development and widen its revenue base.

HK\$’000

Total consideration transferred:

Cash	–
Consideration payable due within one year included in trade and other payable	355,420
	355,420
	355,420

Acquisition-related costs were insignificant and were excluded from the cost of acquisition and were recognised as an expense in the period.

Assets and liabilities recognised at the date of acquisition:

	Net book value <i>HK\$’000</i>	Fair value change <i>HK\$’000</i>	Fair value <i>HK\$’000</i>
Net assets acquired			
Property, plant and equipment	1,078	–	1,078
Deferred tax assets	55,573	–	55,573
Land development expenditure	301,500	–	301,500
Properties for sale	1,813,791	231,144	2,044,935
Trade and other receivables	312,842	–	312,842
Restricted/pledged bank deposits	395,479	–	395,479
Bank balances and cash	18,511	–	18,511
Trade and other payables	(353,883)	–	(353,883)
Deposit received on sales of properties	(755,696)	–	(755,696)
Borrowings due within one year	(1,562,275)	–	(1,562,275)
Amount due to non-controlling interests	(73,526)	–	(73,526)
Tax liabilities	(42,395)	–	(42,395)
Deferred taxation liability	(2,315)	(78,810)	(81,125)
	108,684	152,334	261,018
Total	108,684	152,334	261,018

The trade and other receivables acquired with a fair value of approximately HK\$312,842,000 approximate its gross contractual amount.

In addition, certain customers had also signed contracts of approximately HK\$1,384,813,000 (netted of deposits received on sale of properties) with Liuzhou Zhenghe to purchase the properties and was not due for payment because the properties have not been delivered as at 31 March 2015.

No other contingent liabilities had been recognised apart from the guarantee provided by Liuzhou Zhenghe in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group’s properties of approximately HK\$290,175,000.

HK\$'000

Goodwill arising on acquisition:

Consideration payable due within one year included in trade and other payable	355,420
Add: non-controlling interests (<i>note</i>)	78,305
Less: fair value of net identifiable assets acquired	<u>(261,018)</u>

Goodwill arising on acquisition	<u><u>172,707</u></u>
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Note: The non-controlling interests (30%) in Liuzhou Zhenghe of approximately HK\$78,305,000 was measured by reference to the proportionate share of the fair value of acquiree's net identifiable assets at the acquisition date.

The Group paid the premium to acquire Liuzhou Zhenghe because the Group wanted to diversify into different business sector and believed the PRC property market would provide good return in the future. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable assets.

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

HK\$'000

Net cash inflow arising on acquisition:

Bank balances and cash acquired	<u><u>18,511</u></u>
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Had the acquisition been completed on 1 April 2014, total group revenue for the year would have been approximately HK\$417,952,000, and loss for the year would have been approximately HK\$224,627,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2015 (2014: Nil).

MANAGEMENTS STATEMENT

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Acquisition

On 27 August 2014, a wholly-owned subsidiary of the Company entered into an agreement to purchase 70% interests in 柳州正和樺桂置業集團有限公司 (Liuzhou Zhenghe Huagui Real Estate Group Company Limited*) (“Liuzhou Zhenghe”) which principally engaged in property development in Liuzhou City, Guangxi Zhuang Autonomous Region, the PRC. The consideration for the acquisition is RMB280 million (equivalent to approximately HK\$355.42 million) and will be satisfied by the Company in full in cash. The acquisition was completed on 31 March 2015 and Liuzhou Zhenghe became a 70% subsidiary of the Group since then.

Liuzhou Zhenghe focuses on developing and selling high quality and large-scale residential and commercial properties in Liuzhou City, Guangxi Zhuang Autonomous Region. Liuzhou Zhenghe is currently developing a single property project, namely Zhenghe City (正和城), comprising multiple phases which offers a wide range of properties, including villas, townhouses, commercial buildings, office buildings, hotels and high rise apartments, some of which have equipped with ancillary facilities such as club houses and gardens. Zhenghe City initially comprises of two phases and both phases are now under development.

Liuzhou Zhenghe successfully bid from the local government parcels of land in Liuzhou City in 2010 with the site area being approximately 230,000 square meters (the “Phase I”). According to the development plan, Phase I has a stack of residential and commercial properties with gross floor area of approximately 500,000 square meters and a saleable area of approximately 474,570 square meters. At 31 March 2015, a total saleable area of approximately 225,831 square meters had been sold.

Liuzhou Zhenghe successfully bid another parcels of land adjacent to Phase I with total site area of approximately 140,000 square meters in 2012 (the “Phase II”). According to the development plan, Phase II will construct another stack of residential and commercial properties with a total gross floor area of approximately 580,000 square meters and a saleable area of approximately 536,199 square meters. At 31 March 2015, a total saleable area of approximately 2,931 square meters had been sold.

In addition to the Zhenghe City project, Liuzhou Zhenghe is also engaged in primary land development projects, i.e. preliminary development work necessary to prepare the land for sale at public auctions.

Through a cooperation agreement (the “Cooperation Agreement”) with a primary land development company in the PRC, Liuzhou Zhenghe helps to supervise the primary land development work and provides funding for parcels of land with a site area of approximately 3,226 mu (the “Land”) or a net area of approximately 2,400 mu. According to the Cooperation Agreement, Liuzhou Zhenghe is entitled to receive an investment income equivalent to half of the sale proceeds of the Land net of development cost of RMB250,000 (equivalent to approximately HK\$312,500) per mu and the related taxes and expenses after the Land is sold in the public auctions.

Up to 31 March 2015, a net site area of approximately 577.4 mu of the Land was completed and put to auctions. As Liuzhou Zhenghe obtained an in-depth understanding of the condition of the land and other related matters, and demonstrated to the local government its development and financial strengths during the process of primary land development, the above-mentioned 577.4 mu of land parcels were acquired by Liuzhou Zhenghe and develops as Phase I and Phase II of Zhenghe City. The primary land development work for the remaining portions of Land is still in progress and as at 31 March 2015, the funding provided for primary land development was HK\$301,500,000.

Goodwill amounted to HK\$172,707,000 was arisen on this acquisition. As uncertainties still exist in the PRC property market, the goodwill arisen was impaired for prudence sake.

Disposal

There was no material disposal of subsidiaries and associated companies during the year ended 31 March 2015.

OVERALL RESULTS

As the acquisition of Liuzhou Zhenghe was completed on 31 March 2015, the result of the Group for the year ended 31 March 2015 represented the result of consultancy service business and trading of goods only.

Turnover of the Group for the year ended 31 March 2015 amounted to HK\$2,424,000, representing a decrease of 19.39% against HK\$3,007,000 for the year ended 31 March 2014. The gross profit for the year ended 31 March 2015 amounted to HK\$339,000 showed a 65.76% decrease against HK\$990,000 in the previous year.

A loss of HK\$228,441,000 was recorded for the year ended 31 March 2015, representing an increase of 371.00% from HK\$48,501,000 for the preceding year. The basic and diluted loss per share for the year ended 31 March 2015 was HK1.18 cent which represented an increase of 413.04% from HK0.23 cent for the preceding year. The loss for the reporting year was mainly due to:

- Administration expenses of HK\$21,556,000 (2014: HK\$19,091,000) which represent staff costs, rental expenses, audit fee, impairment losses on property, plant and equipment and provision for bad and doubtful debts;
- HK\$8,221,000 legal and professional expenses incurred for the acquisition of Liuzhou Zhenghe;
- HK\$172,707,000 impairment loss on goodwill arisen on acquisition of Liuzhou Zhenghe; and
- Share of results of associates amounted to HK\$24,236,000 (2014: HK\$30,313,000) due to pre-operating loss and impairment loss as a result of decrease in metals market prices.

The Board does not recommend the payment of dividend for the year.

REVIEW OF OPERATIONS

Provision of consultancy services

During the reporting year, United Fujian continued to provide consultancy services to her three regular clients. Other than normal business advisory services, United Fujian also helped their clients to conduct market research and feasibility study in particular industries in order to facilitate the investment decision of her clients. United Fujian committed to provide quality services to maintain its reputation in the industry.

For the year ended 31 March 2015, the turnover recorded for this segment was HK\$2,337,000 (2014: HK\$2,937,000), and the segment loss was HK\$1,403,000 (2014: HK\$2,026,000).

Trading of goods and operation of e-commerce platforms

For the year ended 31 March 2015, only HK\$87,000 (2014:HK\$70,000) sales and a loss of HK\$1,535,000 (2014: HK\$1,553,000) for this segment was recorded. The balance was resulted from the sale on the wine e-commerce platform. The poor result is mainly due to the effect of various austerity measures implemented by the PRC government and the slowdown of the PRC economic development. Besides, purchasing wine through e-commerce platform is not a popular way in the PRC. United Fujian will change its focus and explore different sale channels and launches various promotion campaigns to increase the publicity of the wines in order to improve the sale.

Gold Mine

During the year ended 31 March 2015, because of the downward trend of the gold and copper prices, an impairment loss on the value of the gold mine was recorded. In addition to the pre-operating loss incurred, the Group recorded a loss of HK\$24,236,000 in the investment in the gold mine in the reporting period. As a result, the carrying amount of the Group's interests in associates as at 31 March 2015 was written down to zero.

The preparation works for the mining including the design plan and construction of mining plants and other infrastructure are in progress and waiting for approval from local government.

FINANCIAL REVIEW

Finance position, liquidity and gearing

At 31 March 2015, the total assets and liabilities of the Group stood at HK\$3,317,253,000 (2014: HK\$236,204,000) and HK\$3,233,717,000 (2014: HK\$3,347,000) respectively. The net assets or total equity as at 31 March 2015 amounted to HK\$83,536,000 (2014: HK\$232,857,000).

The Group recorded net current liabilities of HK\$195,818,000 as at 31 March 2015 (2014: net current assets of HK\$207,656,000). It is expected that the repayment period of borrowings can be extended and the internally generated fund can meet the financial obligation as they fall due for the foreseeable future. The bank balances and cash as at 31 March 2015 was HK\$196,523,000 (2014: HK\$204,353,000), of which most were denominated in Hong Kong dollars, US dollars and Renminbi.

As at 31 March 2015, the Group had the following borrowings:

- (i) bank loans and trust loans amounted to HK\$1,562,275,000 which were denominated in Renminbi with effective interest rates in the ranges of 7.45% to 12.00%;
- (ii) interest free loan due to third parties and non-controlling interests amounted to HK\$218,097,000 and HK\$73,526,000 respectively; and
- (iii) the payable balance of HK\$355,420,000 for acquisition of Liuzhou Zhenghe.

The gearing ratio, as a ratio of total borrowings to total equity as at 31 March 2015 was 26.45 times.

Financial resources

The Group currently finances its operations mainly by internal resources and borrowings. The management believes that the Group will generate its liquidity from business operations and will consider making use of further equity financing when necessary.

Capital structure

As at 31 March 2015, the total share capital of the Company was HK\$19,039,072 divided into 19,039,072,320 shares of Ordinary Shares of the Company.

Charges on assets

Certain of the Group's trust loans were indirectly secured by the Group's properties for sale and bank deposits pledged to a bank and the bank has in return issued letter of guarantee to the trust companies as security for the loans granted. As at 31 March 2015, the carrying amounts of properties for sale and deposits pledged to secure the borrowings amounted to HK\$580,243,000 and HK\$342,727,000 respectively.

As at 31 March 2014, the Group had no charge on assets.

Contingent liabilities

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchaser to banks, the Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate. As at 31 March 2015, the guarantee given to banks for mortgage facilities amounted to HK\$290,175,000 (2014: Nil).

Foreign exchange exposure

As part of the Group's assets and liabilities are denominated in Renminbi, US dollars and Hong Kong dollars, in order to minimize the foreign exchange risk, the Group aims to utilize the fund for transactions that are denominated in the same currency.

EMPLOYMENT AND REMUNERATION POLICIES

At 31 March 2015, the Group had approximately 6, 1 and 60 employees in Hong Kong, Republic of Kyrgyz and the PRC respectively. The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical scheme, mandatory provident fund for Hong Kong employees, social insurance packages for the PRC employees and education subsidy to encourage continuous professional development of staff.

The Group has adopted a new discretionary share option scheme on 5 September 2014. The share option scheme is designed to award employees for their performance.

All share options issued under the old share option scheme was lapsed on 16 September 2014 and no share option was granted under the new share option scheme since its adoption.

FUTURE PLAN AND PROSPECTS

Since late 2014, the property market in the PRC recovered gradually as a result of the adjustments on policy to relax the restrictions on home purchase and the mortgage loan in certain cities. Although uncertainties exist, it is expected that the PRC government will encourage a healthy development of the property market and the recovery trend will be continued in 2015. The acquisition of Liuzhou Zhenghe is a good opportunity to enter the market and take advantage of the recovery trend of the property market. We expect that this project will be the major source of income and contribution to the Group in the coming years.

On 13 May 2015, the Company completed the first phase of capital contribution of RMB124,000,000 to the a wholly foreign owned enterprise, namely 上海加敬融資租賃有限公司 (Shanghai Jiaging Financial Leasing Co., Ltd.*) (the “SH Jiaging”) established in the China (Shanghai) Pilot Free Trade Zone of the PRC. The scope of business of the SH Jiaging including finance leasing business; leasing business; purchasing of leased assets at domestic and foreign markets; disposal of residual value and maintenance of leased assets; provision of consultation and guarantees for lease transactions; engaging in commercial factoring business in relation to the main businesses.

It is the Company’s strategy to review from time to time potential business opportunities and investments to enhance shareholders’ value. The establishment of the SH Jiaging is one of the steps to broaden our income source through providing financial and operating leasing services to external domestic and international companies in relation to the leasing of, among others, fixed assets such as aircrafts, vessels and other sizable machineries and equipment. In addition, SH Jiaging can also create synergy effect with the Group’s newly acquired property development business through provision of capital financing and liquidity support towards the acquisition and/or leasing of various construction machineries and property fixtures required in the course of property development activities to be carried out by the Group.

The Group will continue to find suitable investments that present development opportunity and also able to provide a suitable stream of cash flow and profit in the long run. The management promises that the resources of the Group will be properly managed and utilized so as to maximize the value of the Group and the return for our shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its securities during the year ended 31 March 2015, neither the Company nor any of its subsidiaries has purchased or, sold any of the Company’s securities during the year.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established in compliance with Rule 3.21 and 3.22 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Yap Yung (chairman), Dr. Lam Man Kit, Dominic and Mr. Zhang Guang Sheng.

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 2015 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 31 March 2015 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 PRACTICES

The Board believes that good corporate governance can enhance the value of the Company and safeguard the interests of its shareholders and commits to maintain high standards of corporate governance practices. The Board and the management of the Company have been continually reviewing its corporate governance practices with reference to the principles and the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to ensure compliance with the CG Code. For the year ended 31 March 2015, the Company has complied with the CG Code save as the deviations stated below:

In respect of code provision A.2.1 of the CG Code, Mr. Yuen Leong currently 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 directly accountable to the Board, the Board believes that the existing arrangement is adequate.

In respect of code provision A.6.7 of the CG Code, Independent Non-executive Director should attend general meeting. Dr. Lam Man Kit Dominic did not attend the special general meeting of the Company held on 23 January 2015 due to other business engagement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions during the year.

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 2015 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.

For and on behalf of the Board
Chaoyue Group Limited
Yuen Leong
Executive Director

Hong Kong, 18 June 2015

** for identification purpose only*

As at the date of this announcement, the Board comprises Mr. Yuen Leong and Ms. Luan Li as executive Directors; and Dr. Lam Man Kit, Dominic, Mr. Yap Yung and Mr. Zhang Guangsheng as independent non-executive Directors.