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## **CHAOYUE GROUP LIMITED**

**超越集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00147)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

The board of directors (the “Board” or the “Directors”) of Chaoyue Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2016 (the “period” or “reporting period”), together with the comparative figures, as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2016</b>	<b>2015</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	<b>50,584</b>	63,033
Cost of sales and services		<b>(42,334)</b>	(183,501)
Gross profit (loss)		<b>8,250</b>	(120,468)
Other income, gains and losses	4	<b>9,911</b>	8,277
Selling expenses		<b>(9,552)</b>	(4,920)
Administrative expenses		<b>(23,288)</b>	(17,004)
Finance costs		<b>(11,732)</b>	(18,194)

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2016</b>	<b>2015</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation		<b>(26,411)</b>	(152,309)
Income tax (expense) credit	5	<u>(4,562)</u>	<u>61,019</u>
Loss for the period	6	<u><b>(30,973)</b></u>	<u>(91,290)</u>
<b>Other comprehensive income for the period</b>			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		<u>4,720</u>	<u>(71)</u>
Total comprehensive expense for the period		<u><b>(26,253)</b></u>	<u>(91,361)</u>
Loss for the period attributable to			
Owners of the Company		(27,263)	(68,007)
Non-controlling interests		<u>(3,710)</u>	<u>(23,283)</u>
		<u><b>(30,973)</b></u>	<u>(91,290)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(21,977)	(65,314)
Non-controlling interests		<u>(4,276)</u>	<u>(26,047)</u>
		<u><b>(26,253)</b></u>	<u>(91,361)</u>
Loss per share			
Basic (HK cents)		<u><b>(0.14)</b></u>	<u>(0.36)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,364	3,739
Intangible assets	9	38,469	–
Interests in associates		–	–
Long term receivables	10	87,818	102,579
Finance lease receivables		356	423
Land development expenditure	11	216,634	274,176
Deferred tax assets		38,575	44,392
Deposits for purchase of equipment		38,367	–
		<u>422,583</u>	<u>425,309</u>
<b>CURRENT ASSETS</b>			
Properties for sale		2,572,834	2,384,983
Trade and other receivables	12	227,108	187,890
Finance lease receivables		119	125
Restricted/pledged bank deposits		36,798	3,199
Bank balances and cash		13,252	36,567
		<u>2,850,111</u>	<u>2,612,764</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	595,007	534,015
Deposits received for sale of properties		1,439,882	1,150,300
Borrowings – due within one year	14	103,474	114,229
Amount due to non-controlling interests		55,674	58,654
Amount due to ultimate holding company		14,630	2,296
Tax liabilities		27,569	33,084
		<u>2,236,236</u>	<u>1,892,578</u>
NET CURRENT ASSETS		613,875	720,186
TOTAL ASSETS LESS CURRENT LIABILITIES		1,036,458	1,145,495
<b>NON CURRENT LIABILITIES</b>			
Borrowings – due after one year	14	1,195,436	1,278,139
Deferred revenue		2,324	2,405
		<u>1,197,760</u>	<u>1,280,544</u>
NET LIABILITIES		<u>(161,302)</u>	<u>(135,049)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		19,039	19,039
Reserves		(196,000)	(174,023)
Equity attributable to owners of the Company		(176,961)	(154,984)
Non-controlling interests		15,659	19,935
TOTAL DEFICIENCY OF EQUITY		<u>(161,302)</u>	<u>(135,049)</u>

Notes:

## **1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Group incurred a loss of HK\$30,973,000 for the six months ended 30 September 2016 and the Group’s total liabilities exceed its total assets by approximately HK\$161,302,000. The directors of the Company are of the opinion that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future after taking into account the Group’s internally generated funds. Besides, subsequent to period end, the Company has entered into agreements with placing agent to raise fund of HK\$1,600,000,000 through private placement. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

### **1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD**

On 22 September 2016, the Group acquired International Business Settlement Limited (“IBS HK”) as set out in note 15. Based on the platform, the Group aimed at realising point-to-point, “7X24” (i.e. 24 hours a day, 7days a week), multi-currency and real-time fund settlement and clearing for cross border trading business and individuals around the world, by building financial infrastructure connecting with the systems of the central banks and commercial banks of the countries along the “one belt and one road”. The acquisition was made to diversify the Group’s business as set out in note 3. On the same day, the directors of the Company proposed to change the name of the Company in English from “Chaoyue Group Limited” to “International Business Settlement Holdings Limited” and the secondary name of the Company in Chinese from “超越集團有限公司” to “國際商業結算控股有限公司” as it will provide the Company with a better identification with the new business of arranging the next generation settlement network. The proposed change of names was approved in the special general meeting on 9 November 2016 but not yet effective up to the date of these condensed consolidated financial statements are authorised for issuance.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

### **Intangible assets**

#### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated.

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment loss (if any), on the same basis as intangible assets that are acquired separately.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the above new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or revised standards or amendments to standards that have been issued at the date of these condensed consolidated financial statements are authorised for issuance but are not yet effective.

## 3. REVENUE AND SEGMENT INFORMATION

The segment information reported externally were (i) property development; (ii) consultancy services; (iii) trading of goods; and (iv) international business settlement, which is consistent with the internal information that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the directors have chosen to organise the Group around differences in products and services.

During the current interim period, the Group acquired IBS HK platform to start with the international business settlement segment as set out in notes 1 and 15.

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

- Property development – Developing and selling of commercial and residential properties, including undertaking of primary land development activities, in the People's Republic of China (the "PRC").
- 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 PRC.
- Trading of goods – Sales of wines.
- International business settlement – Providing a fast, highly efficient and low cost financial expressway between different countries by connecting their central banks' real-time settlement and clearing system. Based on its unique block chain regional settlement circle technology, the IBS HK is developing a multi-currency, internationalized and distributed global settlement platform, which aimed at realising point-to-point, "7X24" (i.e. 24 hours a day, 7 days a week), multi-currency and real-time fund settlement and clearing for cross border trading business and individuals around the world.

Segment results represent the results from each segment without allocation of central administration costs and directors' salaries, some items of other income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating and reportable segment for the period under review:

*Six months ended 30 September 2016*

	Property development	Consultancy services	Trading of goods	International business settlement	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE					
External sales and segment revenue	<u>50,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,584</u>
Segment loss	(7,797)	(767)	-	(992)	(9,556)
Unallocated corporate expenses					(26,544)
Interest income					<u>9,689</u>
Loss before taxation					<u><u>(26,411)</u></u>

Six months ended 30 September 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>
<b>REVENUE</b>					
External sales	61,291	1,173	569	–	63,033
Inter-segment sales	–	591	–	(591)	–
Segment revenue	<u>61,291</u>	<u>1,764</u>	<u>569</u>	<u>(591)</u>	<u>63,033</u>
Segment (loss) profit	<u>(140,709)</u>	<u>985</u>	<u>270</u>	<u>(591)</u>	<u>(140,045)</u>
Unallocated loss					(279)
Unallocated corporate expenses					(19,744)
Interest income					<u>7,759</u>
Loss before taxation					<u>(152,309)</u>

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

	<b>30 September 2016 <i>HK\$'000</i> (unaudited)</b>	31 March 2016 <i>HK\$'000</i> (audited)
<b>ASSETS</b>		
<i>Segment assets</i>		
Property development	<b>3,062,287</b>	2,859,572
International business settlement	<b>38,479</b>	–
Consultancy services	<u><b>607</b></u>	<u>605</u>
Total segment assets	<b>3,101,373</b>	2,860,177
Total unallocated assets	<u><b>171,321</b></u>	<u>177,896</u>
Total Group's assets	<u><b>3,272,694</b></u>	<u>3,038,073</u>
<b>LIABILITIES</b>		
<i>Segment liabilities</i>		
Property development	<b>3,373,205</b>	3,144,740
International business settlement	<b>14,944</b>	–

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Consultancy services	<u>716</u>	<u>–</u>
Total segment liabilities	<b>3,388,865</b>	3,144,740
Total unallocated liabilities	<u>45,131</u>	<u>28,382</u>
Total Group's liabilities	<b><u>3,433,996</u></b>	<b><u>3,173,122</u></b>

#### 4. OTHER INCOME, GAINS AND LOSSES

	<b>Six months ended 30 September</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Interest income	<b>9,689</b>	7,759
Gain on disposal of property, plant and equipment	–	271
Financial lease income	<b>28</b>	36
Others	<u>194</u>	<u>211</u>
	<b><u>9,911</u></b>	<b><u>8,277</u></b>

#### 5. INCOME TAX EXPENSE

	<b>Six months ended 30 September</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Current tax in PRC		
Enterprise Income Tax (“EIT”)	<b>1,034</b>	1,190
Land Appreciation Tax (“LAT”)	<u>(867)</u>	<u>(15,556)</u>
	<b>167</b>	(14,366)
Deferred tax:		
Current period	<u>4,395</u>	<u>(46,653)</u>
	<b><u>4,562</u></b>	<b><u>(61,019)</u></b>

No provision for Hong Kong Profits Tax has been made for both periods as the Group has no assessable profit arising in Hong Kong.

The EIT is calculated based on the applicable tax rate on assessable profits, if applicable. The applicable PRC EIT rate for the Company's PRC subsidiaries is 25% (2015: 25%).

The LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditure.

The Group is required to pay LAT and EIT in accordance with the relevant PRC tax rules in respect of pre-sale of property development projects. As at 30 September 2016, the amount of prepaid LAT and EIT in respect of deposits received on sales of properties amounted to approximately HK\$21,940,000 (31 March 2016: HK\$11,600,000), which has been presented as deduction against the tax liabilities of the respective subsidiaries in the condensed consolidated statements of financial position.

## 6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Directors' emoluments	<b>1,089</b>	1,089
Other staff costs	<b>9,284</b>	7,018
Other staff retirement benefit scheme contributions	<b>572</b>	526
	<hr/>	<hr/>
Total staff costs	<b>10,945</b>	8,633
<i>Less: Staff costs capitalised in properties for sales</i>	<b>(772)</b>	(831)
	<hr/>	<hr/>
	<b>10,173</b>	7,802
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>1,370</b>	937
Professional fee regarding the acquisition of a subsidiary	<b>1,577</b>	–
Impairment loss on properties for sale (included in cost of sale and services)	–	58,702
Additional cost of sales recognised in respect of properties sold in prior years ( <i>Note</i> )	–	58,018
	<hr/> <hr/>	<hr/> <hr/>

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors of the Company do not recommend the payment of an interim dividend.

## 8. LOSS PER SHARE

The calculation of the basic loss per share for the interim periods attributable to the owners of the Company is based on the following data:

	<b>Six months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit and loss</b>		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(27,263)</u>	<u>(68,007)</u>
	<b>Six months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
<b>Number of shares</b>		
Weighted average number of shares for the purposes of basic loss per share	<u><b>19,039,072,320</b></u>	<u>19,039,072,320</u>

## 9. INTANGIBLE ASSETS

The movements in intangible assets during the current interim period is summarised as follows:

	<i>HK\$'000</i>
As at 1 April 2016 (audited)	–
Transferred from deposits ( <i>note 15</i> )	23,734
Additions ( <i>note 13</i> )	<u>14,735</u>
As at 30 September 2016 (unaudited)	<u><u>38,469</u></u>

During the current interim period, the Group acquired IBS HK platform as set out in note 15 in which there is a deposit of approximately HK\$23,734,000 paid to an independent software company to assist IBS HK in developing a settlement platform for connecting with the systems of the central banks and commercial banks of the countries along the “one belt and one road”. As at 30 September 2016, based on the completion of design stage of the development, the deposit was transferred to intangible assets and additional cost of approximately HK\$14,735,000 was accrued. The platform is in final testing stage as at 30 September 2016 and in the view of directors of the Company, the platform will generate future economic benefits.

## **10. LONG-TERM RECEIVABLES**

The balance as at 30 September 2016 mainly represents the amount due from 福建萬嘉貿易有限公司 (Fujian Wanjia Trading Co., Ltd) (“Fujian Wanjia”)\*. In February 2014, Fujian Wanjia entered into an agreement with a non-related third party leasee for the lease of a property owned by Fujian Wanjia for a term up to 2024. On 11 May 2015, the Group entered into a factoring agreement with Fujian Wanjia for an amount of RMB120,000,000 (equivalent to approximately HK\$147,122,000). Pursuant to which the Group is entitled to receive the rental income generated from the lease of the property. Fujian Wanjia is responsible for collecting the rentals on behalf of the Group and is required to repay the amounts due if the lessee defaults the payment. The amount carries interest at a fixed rate of 13% per annum and will be repaid quarterly over five years. In this current interim period, approximately HK\$17,622,000 was received for the repayment of receivables and interests.

As at 30 September 2016, the Group is exposed to credit risk which will cause an impairment loss to the Group if the leasee defaults its rental payments to Fujian Wanjia or Fujian Wanjia fails to transfer to the Group the rentals it collected from the leasee.

In order to minimise the credit risk, on 7 May 2015, the Group obtained a guarantee from 福建高德貿易有限公司 (Fujian Gaode trading Co., Limited) (“Fujian Gaode”)\*, a related company of Fujian Wanjia, that Fujian Gaode agreed to provide guarantee of the long term receivables to the Group in case of default.

The Group also has policies in place for determination of monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of the receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Up to the date of issuance of these condensed consolidated financial statements, rental income is received on time and no default in repayment is noted.

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Carrying amount of factoring receivables	<b>114,947</b>	133,251
<i>Less: amounts due within one year shown under current assets (note 12)</i>	<u><b>(27,129)</b></u>	<u>(30,672)</u>
Amounts shown under non-current assets	<u><b>87,818</b></u>	<u>102,579</u>

#### 11. LAND DEVELOPMENT EXPENDITURE

In 2009, 柳州華桂房地產開發有限公司 (Liuzhou Huagui Property Development Co., Ltd.) ("Liuzhou Huagui")\*, 30% equity holder of Liuzhou Zhenghe, entered into an agreement with Liuzhou Dongcheng Investment & Development Co., Ltd. ("Dongcheng Investment") relating to the joint development of a primary land development project of Liuzhou Industrial Projects Exhibition Center (the "Project"), and the Project was subsequently transferred from Liuzhou Huagui to Liuzhou Zhenghe in 2010, pursuant to an tripartite agreement signed among Liuzhou Huagui, Dengcheng Investment and Liuzhou Zhenghe.

According to the agreement, Liuzhou Zhenghe is mainly responsible for financing and supervising the development of land under the Project. Under the agreement, upon the successful auction of the parcel of land developed under the Project, Liuzhou Zhenghe is entitled to receive an amount based on its land development costs incurred and a 50% profit sharing after deducting all related taxes, selling expenses and an agreed amount of RMB250,000 per acre of land if selling price from the auction is over RMB250,000 per acre and such auction price can cover all costs incurred. Liuzhou Zhenghe is also required to bear the loss if the proceeds from the public auction cannot fully recover the land development cost already incurred by Liuzhou Zhenghe. Land development expenditure is stated at costs less impairment as the Group expect that it would be successful in securing the parcel of land being developed upon the land being put for auction for sale. It is expected that the respective parcel of land will be put for auction after one year.

During the current interim period, land development cost amounted to approximately RMB41,960,000 (equivalent to approximately HK\$49,009,000) was received from Dongcheng Investment in cash.

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Trade receivables	<b>3,662</b>	5,493
Less: allowance for doubtful debts	<b>(1,163)</b>	(1,202)
	<b>2,499</b>	4,291
Other receivables and prepayments:		
Other deposits ( <i>note a</i> )	<b>12,188</b>	12,581
Prepayments for construction works	<b>126,391</b>	81,776
Other tax prepayments	<b>23,066</b>	19,881
Amounts due from other third parties ( <i>note b</i> )	<b>27,902</b>	32,462
Other receivables ( <i>note c</i> )	<b>35,062</b>	36,899
	<b>227,108</b>	187,890

### Notes:

- (a) As at 30 September 2016, other deposits include an amount of approximately HK\$11,045,000 (31 March 2016: HK\$11,423,000) guarantee deposits paid to the local government for the Group to construct a hotel in Liuzhou city. The amount will be fully refunded upon the completion of the construction, which is expected to be within one year.
- (b) The balance of amount due from other third parties is unsecured, non-trade related and repayable on demand. It arises from a bank loan borrowed by 廣西正桓貿易有限公司 (Guangxi Zhenghuan Trading Company Limited) (Guangxi Zhenghuan)\*, a wholly owned subsidiary of Liuzhou Zhenghe, 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 substantial shareholder of Liuzhou Zhenghe at the time of the borrowing and the bank loan is secured by the assets of Guangxi Zhenghe Industrial. The interest element of the bank loan represents the amount charged by the bank on the same borrowing drawn by Guangxi Zhenghuan.
- (c) Amounts mainly represent the factoring receivables to be collected within one year amounting to HK\$27,129,000 (31 March 2016: HK\$30,672,000) as set out in note 10.

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

	<b>30 September</b>	31 March
	<b>2016</b>	2016
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	(audited)
0 to 90 days	<b>105</b>	301
91 to 180 days	–	3,715
181 to 360 days	<b>1,813</b>	275
More than one year	<b>581</b>	–
	<u><b>2,499</b></u>	<u>4,291</u>

Trade receivables mainly represent receivables from property sales and consultancy service.

Consideration in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portions on instalment payments are received on or before the date of delivery of the properties to customers and the remaining balance is normally settled within 90 days from date of delivery. The Group generally allows an average credit period of 30 days to 180 days to its trade customers in relation to the consultancy services.

At 30 September 2016, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$2,394,000 (31 March 2016: HK\$3,990,000) 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 the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

### 13. TRADE AND OTHER PAYABLES

	<b>30 September</b>	31 March
	<b>2016</b>	2016
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	(audited)
Trade payables	<b>31,668</b>	27,922
Bill payables	<b>17,440</b>	–
Accrued construction costs to contractors	<b>448,563</b>	443,944
Amount due to third parties ( <i>note a</i> )	<b>21,030</b>	37,361
Accrued development cost for intangible assets ( <i>note 9</i> )	<b>14,735</b>	–
Payable for acquisition of a subsidiary ( <i>note b</i> )	<b>25,000</b>	–
Other payables	<b>36,571</b>	24,788
	<b>595,007</b>	534,015

*Notes:*

- (a) Balances represent the amounts due to third parties which were non-trade related, unsecured, interest-free and repayable on demand. As at 30 September 2016, amounts due to third parties mainly included aggregate amounts of approximately HK\$19,712,000 (31 March 2016: HK\$28,804,000) due to 北京中宏基建築工程有限公司, 福建萬嘉貿易有限公司 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 former substantial shareholder of Liuzhou Zhenghe.
- (b) The balance represents the purchase consideration payable for acquisition of a subsidiary, which is disclosed in note 15.

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:

	<b>30 September</b>	31 March
	<b>2016</b>	2016
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	(audited)
0 to 90 days	<b>20,863</b>	16,747
91 to 180 days	<b>10,540</b>	10,901
181 to 365 days	<b>119</b>	123
Over 365 days	<b>146</b>	151
	<b>31,668</b>	27,922

## 14. BORROWINGS

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Bank loans, secured	973,375	1,055,693
Other loans, unsecured	<u>325,535</u>	<u>336,675</u>
	<b><u>1,298,910</u></b>	<b><u>1,392,368</u></b>

As at 30 September 2016, all borrowings were fixed-rate borrowings denominated in RMB.

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Carrying amount of borrowings repayable:		
Within one year	103,474	114,229
More than one year	<u>1,195,436</u>	<u>1,278,139</u>
	<b>1,298,910</b>	1,392,368
<i>Less: Amounts due within one year shown         under current liabilities</i>	<u>103,474</u>	<u>114,229</u>
Amount shown under non-current liabilities	<b><u>1,195,436</u></b>	<b><u>1,278,139</u></b>

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

	<b>30 September 2016</b>	31 March 2016
Effective interest rate	<b><u>6.00% - 12.00%</u></b>	<b><u>6.00% - 15.98%</u></b>

As at 30 September 2016, the Group's other borrowing represents an unsecured borrowing of HK\$325,535,000 (31 March 2016: HK\$336,675,000) provided by a third party. The borrowing carries interest at fixed rate of 6.00% per annum and repayable in April 2018.

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

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Secured by:		
Properties for sale	653,922	681,951
Land development expenditure ( <i>note</i> )	—	58,918
	<u>653,922</u>	<u>740,869</u>

*Note:* The bank borrowings secured by land development expenditure amounting approximately HK\$36,072,000 have been settled during the current interim period.

In addition to the Group's own assets pledged, as at 30 September 2016, Guangxi Zhenghe Industrial, 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 A SUBSIDIARY

On 22 September 2016, the Group acquired IBS HK for a cash consideration of HK\$25,000,000. Based on the platform, the Group aimed at realising point-to-point, "7X24" (i.e. 24 hours a day, 7 days a week), multi-currency and real-time fund settlement and clearing for cross border trading business and individuals around the world, by building financial infrastructure based on such platform and connecting with the systems of the central banks and commercial banks of the countries along the "one belt and one road", so as to diversify the Group's business.

In the opinion of the Directors of the Company, the acquisition of IBS HK does not constitute a business combination but an acquisition of assets and liabilities through acquisition of a subsidiary. The effect of the acquisition was summarised as follows:

### Consideration transferred

	<b>Total HK\$'000</b>
Consideration payable due within one year included in trade and other payables ( <i>note 13</i> )	<u>25,000</u>

Acquisition-related costs were insignificant and were recognised as an expense for the current interim period.

**Assets acquired and liabilities recognised at the date of acquisition:**

	<b>Total</b> <i>HK\$'000</i>
Deposit paid for the development of settlement platform	23,734
Bank balances and cash	4,013
Other payables	<u>(2,747)</u>
	<u><u>25,000</u></u>

**Net cash inflow on acquisition of a subsidiary**

	<i>HK\$'000</i>
Bank balances and cash acquired	<u><u>4,013</u></u>

**16. OTHER COMMITMENTS**

	<b>30 September</b> <b>2016</b> <i>HK\$'000</i> <b>(unaudited)</b>	31 March 2016 <i>HK\$'000</i> (audited)
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of:		
– construction for properties for sale	<b>1,445,506</b>	1,435,770
– development of settlement platform	<b>42,848</b>	–
– purchase of equipment	<u><u><b>38,367</b></u></u>	<u><u>–</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall results

For the reporting period, the Group recorded a turnover of approximately HK\$50,584,000, representing a decrease of 19.75% against approximately HK\$63,033,000 for the same period in 2015. The turnover for the period was mainly contributed by the sales of properties in 正和城 (“Zhenghe City”\*) which are constructed by 柳州正和樺桂置業集團有限公司 (Liuzhou Zhenghe Huagui Real Estate Group Company Limited\*) (“Liuzhou Zhenghe”).

A gross profit amounted to approximately HK\$8,250,000 was recorded for the reporting period whereas a gross loss of approximately HK\$120,468,000 was recorded for the same period in 2015. The gross loss for the period in 2015 were mainly attributed to (1) an impairment loss on properties for sale amounted to approximately HK\$58,702,000 was made as a result of decrease in selling price of the properties of Liuzhou Zhenghe; and (2) an extra costs amounted to approximately HK\$58,018,000 was incurred in the period to construct roads to connect Zone A and Zone B of Zhenghe City in order to enhance the traffic to these zones and the whole Zhenghe City.

A loss of approximately HK\$30,973,000 was recorded for the period, representing a decrease of 66.07% from approximately HK\$91,290,000 for the same period of last year. The basic loss per share for the reporting period was HK0.14 cent which represented a decrease of 61.11% from HK0.36 cent for the same period in 2015. The decrease in loss of the Group in the period was mainly due to the above-mentioned impairment loss and extra costs recorded in 2015 in Liuzhou Zhenghe.

## **Review of operations and prospect**

### ***International business settlement***

The Company notes that the rapidly growing finance technology throughout the world has brought about significant changes and development opportunities for the global financial industry. Through acquisition of International Business Settlement Limited (“IBS HK”), the Company seized the opportunity and based on its block chain, big data, distributed network and other technologies to deploy the next generation worldwide settlement and clearing network (“NGSN” or “Next Generation Settlement Network”) globally through its platform. It will provide a fast, highly efficient and low-cost financial expressway between different countries by connecting with their central banks’ real-time settlement and clearing systems. The Company will focus on the following four major strategies to promote its future development:

#### *1. “Leading finance technology”*

Leading technology platform is the foundation for the long-term business development of the Group. By continuing to allocate more resources and focusing on its block chain, big data and other finance technologies, the Group is committed to constructing a globally leading NGSN next generation worldwide settlement and clearing network platform. Based on the self-developed block chain regional settlement circle technology and the NGSN next generation worldwide settlement and clearing standard system, the Group has constructed a multi-currency, international and distributed global settlement platform, aiming at realizing point-to-point, “7X24” (i.e. 24 hours a day, 7 days a week), multi-currency and real-time fund settlement and clearing for cross-border trading businesses and individuals around the world.

#### *2. “Broad global network coverage”*

The Group is intending to deploy regional settlement circles in five regions, namely Europe, Central Asia, South Asia, Middle East and Africa. Taking the European settlement circle as an example, the European settlement circle was launched, which, by connecting with the system of the European Central Bank, covers 31 countries in Europe, including 19 member states of the Eurozone such as France, Germany and Australia, 10 non-euro European Union countries such as Sweden and Denmark, and two non-European Union countries Norway and Switzerland. Meanwhile, the platform operated by the Group connects with the system of the European Central Bank, which in turn connects directly with 1,007 banks and financial institutions, indirectly with 837 banks and financial institutions, and as agent with 5,037 banks and financial institutions, enabling the Group to provide cross-border transaction and consumption settlement and clearing services between Euro and many other currencies.

The Group intends to rapidly extend its business coverage into the countries and regions along the “One Belt and One Road” network. Recently, the Group has achieved phrasal progress in Southeast Asia and Africa, including entering into the strategic memorandum of understanding with the central bank of the Laos and the cooperation agreement with the Ministry of Finance of the Republic of Djibouti. In the emerging market, while developing its own cross-border settlement and clearing business, the Group would also help the countries to upgrade their central banks’ payment settlement systems, with an aim to improve their financial infrastructure. By connecting with the systems of the central banks and commercial banks of the countries along the “One Belt and One Road” network, the Group helps to realize the interconnection of the regional settlement circles of Europe, Central Asia, South Asia, the Middle East and Africa, etc., and facilitate the multi-currency real-time settlement and clearing between the countries. The combined population of the countries along the “One Belt and One Road” network reaches about 4.4 billion, with a total economic size of US\$21 trillion, representing 64% of the world’s population and 30% of the global GDP.

### *3. “Real-time, safe and convenient services”*

Leveraging on the wide-reaching settlement and clearing network, the Group is to be engaged in provision of point-to-point, “7X24” (24 hours a day, 7 days a week), multi-currency and real-time fund settlement and clearing services for banks, financial institutions, major multi-national enterprises and the small and medium-sized enterprises (SMEs), etc., making cross-border fund payment more convenient, safe and low-cost.

Compared to the time-consuming and high-cost traditional settlement network with uncertain settlement path, the Group provides a fast-paced fund settlement and clearing channel for clearing banks, general commercial banks, payment institutions and other relevant financial institutions, which helps them to minimise the foreign exchange risk, reduce their operation cost and enable them to provide better services for their customers. The Group works closely with its cooperative banks to provide worldwide real-time remittance and fund management services for multi-national enterprises, securing more efficient and low-cost fund flow for them. The Group will also be extending such services to the SMEs and individuals, offering convenient and efficient cross-border remittance and payment services for a large number of customers.

#### *4. “Continuing strong profitability”*

With the constant expansion of the next generation settlement and clearing network platform globally, the Group will have a growing customer base and market share. Leveraging on the continuous accumulation of big data for financial services and the ongoing leadership in core technology, and based on its cross-border settlement and clearing services, the Group will launch more related financial products and services based on the big data credit information system. With more and more banks and relevant financial institutions around the world participating into the NGSN network operated by the Group, the Group will become a platform jointly governed and managed by various regional centers (different sovereign states), as well as a platform shared by multiple participants (pan financial institutions). The Group will cooperate with various central banks and financial institutions to establish an ecosystem focused on the next generation settlement and clearing standards.

For research and development and deployment of the next generation settlement and clearing network, the Company entered into the placing agreement with a placing agent on 24 November 2016 to raised approximately HK\$1.6 billion, which will be applied as to 70% for the deployment of the system platform in each region, as to 20% for technology research and development and as to 10% as general working capital. Looking forward, the Group will continue to step up deployment of the NGSN to all regional settlement circles and expand the bank network. Based on the new block chain, big data and other finance technologies, the Group will enhance the service capability of the platform, offering more diverse derivative services and products to the customers, in an effort to achieve larger market share in the global financial sector.

The segment loss for the current period was HK\$992,000.

#### ***Liuzhou Zhenghe***

Zhenghe City is a mix-used complex project which offers a wide range of properties, including villas, townhouses, commercial buildings, office buildings, hotels and high rise apartments developed by Liuzhou Zhenghe in Liuzhou City, Guangxi Zhuang Autonomous Region, the PRC.

Zhenghe City comprises two phases with Phase I providing 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. Phase II will provide 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. Both Phase I and Phase II have commenced construction and under development. The progress of each phases are shown as follows:

	<b>Property type</b>	<b>Status</b>
<b>Phase I:</b>		
Zone A	Villas and high-rise apartment buildings	Construction work completed and most of the properties were sold.
Zone B	Villas and high-rise apartment buildings	Construction work completed and most of the properties were sold.
Zone C	Residential and commercial complexes and studio/office buildings	7 blocks of residential and commercial complexes and 3 blocks of studio/office buildings are under construction.  The pre-sale permits for all 7 blocks of residential and commercial complexes were granted and the acceptance certificate of completion are expected to be obtained in late 2016.  The pre-sale permit for 2 blocks of studio/office buildings were granted in November 2016 and their acceptance certificate of completion are expected to be obtained in first half of 2018.  The pre-sale permit for the remaining block of studio/office building is expected to be granted in early 2017 and the acceptance certificate of completion is expected to be obtained in late 2018.

	<b>Property type</b>	<b>Status</b>
<b>Phase II:</b>		
Zone D1	Villas	Construction work completed. 16 villas with a total saleable area of 8,007 square meters are held for sale.
Zone D1	High-rise apartment buildings	5 blocks of high-rise apartment buildings are under construction. The pre-sale permits were granted and the acceptance certificate of completion is expected to be granted in the second half of 2017.
Zone D2	Villas	Construction work completed. 9 villas with a total saleable area of 5,273 square meters are held for sale.
Zone E	Hotel and serviced apartment	A hotel building and a block of serviced apartment are under construction. The pre-sale permit for the serviced apartment was granted and the acceptance certificate of completion is expected to be obtained in late 2017.
Zone F	Residential and commercial complexes	<p>6 blocks of residential and commercial complexes are under construction.</p> <p>The pre-sale permit of 3 blocks were granted and the acceptance certificate of completion are expected to be obtained in the first half of 2018.</p> <p>The pre-sale permit of the remaining 3 blocks are expected to be granted in the first half of 2017 and the acceptance certificate of completion are expected to be obtained in the first half of 2019.</p>

During the period ended 30 September 2016, an area of 4,841.06 square meters from the inventories of high-rise apartment in Zone B and villas in Zone B, D1 and D2 was sold. A segment turnover of approximately HK\$50,584,000 and a segment loss of HK\$7,797,000 was recorded in the period.

As the acceptance certificate of completion for different developing buildings are expected to be obtained from late 2016 onwards, it is expected that the revenue from sales of properties in the coming period will increase significantly as the construction work of different buildings will be completed gradually from late 2016 onwards.

An external expert, DTZ Cushman & Wakefield Limited, was engaged to help to assess the fair value of the properties development project as at 30 September 2016. For those properties which had completed the construction work and held for sale, direct comparison method by making reference to comparable sales transactions as available in the relevant market is used. For those properties still under construction, the value is derived from by using direct comparison method with the assumption that the construction works of the properties would have been completed at the date of valuation and have taken into account the construction costs expended and costs that will be expended to complete the development. No impairment loss is required for the period ended 30 September 2016, as the fair value is above the book cost.

### ***Other operations***

- *Provision of consultancy services*

It was a tough period for United Fujian. The consultancy services provided to the three regular clients were not renewed. The turnover for this segment for the year was HK\$Nil (2015: HK\$1,173,000), and the segment loss was HK\$767,000 (2015: segment gain of HK\$985,000). The management will review the situation regularly and explore the possible solution for improvement.

- *Trading of goods and operation of e-commerce platforms*

During the current period, the Group had not conducted any trading of goods and operation of e-commerce platforms activities. The turnover and segment gain of this segment for the same period in 2015 was HK\$569,000 and HK\$270,000 respectively. The Group will adopt a prudent approach in trading activities and will explore opportunity to generate returns for the shareholders.

- *Gold Mine*

The 27% effective equity interest in the gold mine in the Republic of Kyrgyz was fully impaired in previous year. The construction of mining plants and other infrastructure are in progress. Mining is expected to be commenced in 2017.

### **Material acquisitions and disposals of subsidiaries and associated companies**

There was other material acquisitions and disposal of subsidiaries and associated companies during the reporting period.

### **Financial review**

#### ***Finance position, liquidity and gearing***

At 30 September 2016, the total assets and liabilities of the Group stood at HK\$3,272,694,000 (31 March 2016: HK\$3,038,073,000) and HK\$3,433,996,000 (31 March 2016: HK\$3,173,122,000) respectively. The Group recorded a total deficit amounted to HK\$161,302,000 as at 30 September 2016 (31 March 2016: HK\$135,049,000). The increase of total deficit is mainly due to the loss incurred in the period.

The Group recorded net current assets of HK\$613,875,000 as at 30 September 2016 (31 March 2016: HK\$720,186,000). The bank balances and cash as at 30 September 2016 was HK\$13,252,000 (31 March 2016: HK\$36,567,000), of which most were denominated in Hong Kong dollars, US dollars and Renminbi.

As at 30 September 2016, the Group had the following borrowings:

- (i) bank loans and other loans amounted to HK\$1,298,910,000 which were denominated in Renminbi with effective interest rates in the ranges of 6.00% to 12.00%; and
- (ii) interest free loan due to third parties, non-controlling interests and ultimate holding company amounted to HK\$21,030,000, HK\$55,674,000 and HK\$14,630,000 respectively;

The gearing ratio, as a ratio of total borrowings to total equity, cannot be calculated as the Group recorded a total deficit of HK\$161,302,000 as at 30 September 2016.

### ***Financial resources***

The Group finances its operations mainly by internal resources and borrowings in the period. 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 30 September 2016, the total share capital of the Company was HK\$19,039,072 which is divided into 19,039,072,320 shares of Ordinary Shares of the Company.

### ***Charges on assets***

The carrying amounts of assets pledged to secure the borrowings as at 30 September 2016 were analysed below:

	<b>30 September 2016 <i>HK\$'000</i> (unaudited)</b>	31 March 2016 <i>HK\$'000</i> (audited)
Properties for sale	<b>653,922</b>	681,951
Land development expenditure	—	58,918
	<b><u>653,922</u></b>	<b><u>740,869</u></b>

### ***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 for repaying 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 30 September 2016, the guarantee given to banks for the above-mentioned mortgage facilities amounted to HK\$781,285,000 (31 March 2016: HK\$569,921,000).

### ***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 minimise the foreign exchange risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

### ***Post balance sheet event***

On 24 November 2016, the Company and Guoyuan Capital (Hong Kong) Limited (the "Placing Agent") entered into a placing agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, the placing shares comprising up to 1,280,000,000 new Shares at the placing price of HK\$1.25 per placing share ("Placing Price") to not less than six independent places. On the assumption that the placing is completed in full, net proceeds of the placing after deducting all the placing commission and all relevant expenses are approximately HK\$1,587 million, which are intended to be applied mainly towards the Group's business development of the platform for the next generation settlement which will cover Europe, Central Asia, South-Asia, the Middle East and Africa, etc. The Company intends to apply: (i) approximately 70% of net proceeds on the hardware and software of the settlement platform, and (ii) approximately 20% of net proceeds for research and development; and the rest will be applied as general working capital of the Group.

## **Employment and remuneration policies**

At 30 September 2016, the Group had approximately 106 employees in Hong Kong and the PRC. 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.

## **MODEL CODE FOR DIRECTOR'S DEALING IN SECURITIES**

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.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES**

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's securities during the six months ended 30 September 2016.

## **AUDIT COMMITTEE**

On 30 September 2016, the Audit Committee of the Company comprised of three Independent Non-executive Directors, namely, Mr. Yap Yung (the Chairman), Dr. Lam Man Kit, Dominic, Mr. Zhang Guang Sheng, Mr. Chan Siu Tat and Mr. Shao Ping. The audit committee has reviewed the unaudited interim financial information for the six months ended 30 September 2016 and discussed with the management the accounting principle and practice adopted by the Group, internal controls and financial reporting matters of the Group.

## **REVIEW OF INTERIM RESULTS**

At the request of the Audit Committee, the auditors of the Company, Deloitte Touche Tohmatsu, had carried out a review of the unaudited interim financial information for the six months ended 30 September 2016 in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, our auditor confirmed that nothing had come to their attention that caused them to believe that the interim financial information was not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “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”) throughout the six months ended 30 September 2016 except for the deviation from the code provision A.2.1.

In accordance with the code provision A.2.1, the role of Chairman and Chief Executive Officer (“CEO”) should not be performed by the same individual. On 23 September 2016, Mr. Luo Feng was appointed as the chairman of the Board. However, the position of CEO was not appointed and Mr. Luo Feng served the role of CEO as well at the moment. The Board believes that vesting the roles of both chairman and CEO in the same person has the benefit of ensuring consistent leadership with the Company and enable more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority of the present arrangement will not be impaired and this structure will enable the Company to make the implement decisions promptly and efficiently. Depending on the future development of the business of the Company, the Board will review the existing structure and consider the issue of nominating appropriate candidate to take up the role of CEO.

## **PUBLICATION OF DETAILED INTERIM RESULTS**

The interim report for the reporting period will be despatched to the shareholders and published on both of the websites of the Stock Exchange and the Company 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 period.

By Order of the Board  
**Chaoyue Group Limited**  
**Luo Feng**  
*Chairman*

Hong Kong, 28 November 2016

\* *The English name is for identification purpose only*

*As at the date of this announcement, the Board of Directors comprises Mr. Luo Feng (Chairman), Mr. Yuen Leong, Ms. Luan Li and Ms. Li Na as executive directors; and Dr. Lam Man Kit, Dominic, Mr. Yap Yung, Mr. Zhang Guangsheng, Mr. Chan Siu Tat and Mr. Shao Ping as independent non-executive directors.*