NEPTUNE GROUP LIMITED
海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2014

The Board of Directors (the "Board") of Neptune Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Turnover	*3*	**710,396**	577,517
Other revenue	*4*	**3,745**	521
Other net loss	*5*	**(113,114)**	(13,438)
Purchase costs recognised as expense		**(88,680)**	–
General and administrative expenses		**(8,041)**	(10,607)
Profit from operation		**504,306**	553,993
Share of profits of an associate		**11,740**	11,119
Finance costs	*6(a)*	**(633)**	(606)
Profit before taxation	*6*	**515,413**	564,506
Income tax	*7*	**–**	–
Profit for the year		**515,413**	564,506
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**(111,126)**	–
Impairment loss on available-for-sale investment		**111,126**	–
Item that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of owner occupied building upon change of use to investment property		**5,922**	–
Profit and total comprehensive income for the year		**521,335**	564,506
Profit for the year attributable to			
– Owners of the Company		**148,762**	288,300
– Non-controlling interests		**366,651**	276,206
		515,413	564,506
Total comprehensive income attributable to:			
– Owners of the Company		**154,684**	288,300
– Non-controlling interests		**366,651**	276,206
		521,335	564,506
Earnings per share – basic and diluted	*8*	**3.22 HK cents**	6.95 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Note	2014 HK$'000	2014 HK$'000	2013 HK$'000	2013 HK$'000
Non-current assets					
Property, plant and equipment			**965**		54,686
Investment property	*10*		**59,140**		–
Intangible assets	*11*		**2,102,793**		2,102,793
Goodwill			**–**		–
Interest in an associate			**58,084**		46,344
Available-for-sale investments			**249,524**		–
			2,470,506		2,203,823
Current assets					
Derivative financial instruments		**33,203**		34,600	
Securities held for trading		**4**		2	
Trade and other receivables	*12*	**543,780**		481,470	
Dividend receivable from an associate		**55,902**		55,902	
Amount due from an associate		**1,698**		–	
Cash and cash equivalents		**45,190**		95,575	
		679,777		667,549	
Less: Current liabilities					
Other payables		**9,773**		9,542	
Bank borrowing		**20,931**		23,172	
Amount due to an associate		**–**		31,667	
Dividend payable to non-controlling shareholders		**152,169**		206	
Income tax payable		**99**		99	
		182,972		64,686	
Net current assets			**496,805**		602,863
Net assets			**2,967,311**		2,806,686
Capital and reserves					
Share capital			**–**		46,162
Other statutory capital reserve			**–**		1,031,691
Share capital and other statutory capital reserve			**1,077,853**		1,077,853
Other reserves			**915,066**		760,382
Equity attributable to owners of the Company			**1,992,919**		1,838,235
Non-controlling interests			**974,392**		968,451
Total equity			**2,967,311**		2,806,686

Notes:

1. BASIS OF PREPARATION

(i) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the List of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group and the Company is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

(ii) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2014 comprise the Company and its subsidiaries (including controlled special purpose entities) (together referred to as the "Group") and the Group's interest in an associate.

(i) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– investment property;

– financial instruments classified as trading securities; and

– derivative financial instruments.

(ii) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). These financial statements are presented in Hong Kong dollars ("presentation currency"), which is the Company's functional currency. All financial information presented in Hong Kong dollars has been rounded to the nearest thousand, except unless otherwise stated.

(iii) Use of estimates and judgement

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRSs, Annual Improvements to HKFRSs 2009-2011 Cycle
- Amendments to HKFRS 7, Disclosures – Offsetting Financial Assets and Financial Liabilities
- HKFRS 10, Consolidated Financial Statements
- HKFRS 12, Disclosures of Interests in Other Entities
- HKFRS 13, Fair Value Measurement
- HKAS 19 (as revised in 2011), Employee Benefits
- HKAS 27 (as revised in 2011), Separate Financial Statements
- HKAS 28 (as revised in 2011), Investments in Associates and Joint Ventures

The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting period except for Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets". In addition, except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years, and on the disclosures set out in the Group's financial statements.

Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the consolidated financial statements.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013.

HKFRS 12, Disclosures of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the consolidated financial statements.

HKFRS 13, Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the consolidated financial statements.

3. TURNOVER AND SEGMENT REPORTING

The principal activity of the Company is investment holding. The principal activity of its subsidiaries is receiving the profit streams from gaming and entertainment related business ("Gaming and Entertainment Business").

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("CODMs"), being the directors of the Company for the purposes of resource allocation and performance assessment, the CODMs review the Group's profit as a whole which is generated solely from receiving the profit streams from gaming and entertainment related business and the Group has identified the Gaming and Entertainment Business as the Group's sole reportable operating segment. The Group's result and financial position are reviewed as a whole. Accordingly, no segment analysis is presented other than entity wide disclosure.

(a) Geographical information

The Group's business operates in two principal geographical areas – (i) Hong Kong and (ii) Macau (place of domicile). In presenting information on the basis of geographical locations, turnover is based on the location of customers. The Group's non-current assets include property, plant and equipment, investment property, intangible assets, goodwill and interest in an associate. The geographical locations of property, plant and equipment and investment property are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangibles are allocated. In the case of interest in an associate, it is the location of operation of such associates.

	Hong Kong		**Macau**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Turnover from external customers	**–**	–	**710,396**	577,517
Non-current assets	**60,105**	54,686	**2,160,877**	2,149,137

4. OTHER REVENUE

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

	2014	2013
	HK$'000	*HK$'000*
Total interest income on financial assets not at fair value through profit or loss:		
– Bank interest income	**314**	336
Compensation from junket promoter for shortfall in guaranteed profit *(Note)*	**3,061**	–
Gross rental income	**370**	–
Sundry income	**–**	185
Total	**3,745**	521

Note: Pursuant to the profit guarantee agreements and the supplementary profit guarantee agreements in respect of the acquisition of Essence Gold Investment Limited ("Essence Gold"), the Group is entitled to receive compensations from junket promoter, for Essence Gold's failure to achieving a predetermined guaranteed profits for the period up to 30 September 2014.

During the year ended 30 June 2014, profits generated from Essence Gold did not meet the guaranteed profit under the relevant profit guarantee agreement, and accordingly the Group is entitled to receive the compensation from the junket promoter for shortfall in guarantee profits of Essence Gold.

5. OTHER NET LOSS

An analysis of the Group's other net loss is as follows:

	2014	2013
	HK$'000	*HK$'000*
Impairment loss of goodwill	**–**	(10,438)
Fair value changes on derivative financial instruments	**(1,397)**	(3,000)
Fair value change on securities held for trading	**2**	–
Fair value change on investment property	**900**	–
Impairment loss of other receivables	**(713)**	–
Impairment loss of available-for-sale investments	**(111,126)**	–
Loss on deregistration of a subsidiary	**(780)**	–
	(113,114)	(13,438)

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2014	2013
	HK$'000	*HK$'000*
Interest on bank borrowing not wholly repayable within five years *(Note)*	**633**	569
Other interest expenses	**–**	37
Total interest expense on financial liabilities not at fair value through profit or loss	**633**	606

Note:

The amount represented the finance costs of bank borrowing which contains a repayable on demand clause.

(b) Other items

	2014	2013
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**1,569**	2,110
Donations	**–**	135
Operating lease charges in respect of land and buildings	**199**	597
Gross rental income from investment property less direct outgoings of HK$100,000 (2013: Nil)	**270**	–

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(i) Income tax credited to profit or loss:

No provision for Hong Kong Profits Tax and other income taxes has been made as the Group's entities did not have estimated assessable profits subject to any income tax in Hong Kong and other tax jurisdictions concerned during the years ended 30 June 2014 and 2013.

(ii) Deferred taxation

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2014 and 2013.

8. EARNINGS PER SHARE

Basic earnings per share

The calculation of the basic earnings per share is based on the consolidated profit attributable to owners of the Company of approximately HK$148,762,000 (2013: HK$288,300,000) and the weighted average of 4,616,245,000 ordinary shares (2013: 4,150,631,000 ordinary shares) in issue during the year, calculated as follow:

Weighted average number of ordinary shares

	2014	2013
	'000	*'000*
Issued ordinary shares at the beginning of the year	**4,616,245**	3,847,245
Effect of new shares issued	**–**	303,386
	4,616,245	4,150,631

Diluted earnings per share

Diluted earnings per share for the year ended 30 June 2014 and 2013 was the same as the basic earnings per share because the exercise prices of the Company's outstanding share options were higher than the average market prices of the Company's shares during both years.

9. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 30 June 2014 (2013: Nil).

10. INVESTMENT PROPERTY

	HK$'000
At fair value	
At 1 July 2012, 30 June 2013 and 1 July 2013	–
Transfer from property, plant and equipment	58,240
Increase in fair value recognised in profit or loss *(Note 5)*	900
At 30 June 2014	59,140

The investment property is located in Hong Kong under medium lease.

11. INTANGIBLE ASSETS

	Rights in sharing of profit streams *HK$'000*
Cost:	
At 1 July 2012	2,260,393
Addition through acquisition of a subsidiary	562,000
Addition through acquisition of an additional 10% beneficial interest in profit streams	96,300
At 30 June 2013, 1 July 2013 and 30 June 2014	2,918,693
Accumulated impairment losses:	
At 1 July 2012, 30 June 2013, 1 July 2013 and 30 June 2014	815,900
Carrying amount:	
At 30 June 2014	**2,102,793**
At 30 June 2013	2,102,793

The intangible assets represent the rights in sharing of profit streams from junket businesses at respective casinos' VIP rooms in Macau for an indefinite period of time. As a result, the intangible assets are considered by the directors of the Company as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. Such intangible assets are carried at cost less accumulated impairment losses, and are related to Gaming and Entertainment Business.

12. TRADE AND OTHER RECEIVABLES

Included in the Group's trade and other receivables are trade receivables with the following aging analysis as of the end of each reporting period:

	2014 ***HK$'000***	2013 *HK$'000*
0 – 30 days	**44,285**	46,625
31 – 60 days	**79,548**	41,525
61 – 90 days	**52,248**	40,545
Over 90 days	**363,181**	289,439
Total trade receivables	**539,262**	418,134

As at 30 June 2014, the Group's trade receivables amounting to approximately HK$508,825,000 (2013: HK$350,434,000) were derived from Gaming and Entertainment Business and these trade debtors are entities owned by substantial shareholders of the Company or non-controlling shareholders of certain subsidiaries.

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days for gaming and entertainment segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At 30 June 2014 and 2013, no impairment loss on trade receivables was recognised by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The audited net profit of the Group for the year ended 30 June 2014 amounted to approximately HK$515,413,000 (2013: HK$564,506,000).

The entire Macau gaming market was slightly affected by the impact of soft landing of Chinese economy in the first half of 2014 progressed. However, it may be too early to conclude that the slow down of gaming business. In today's global, highly interwoven economy, the signal of significant rebound of peak festival holidays in months ahead can be deceptive and fleeting. Still, the increasing tendency of relaxation on China's tightening policies can be seen as a favorable support on sustainable development of Macau gaming industry, which highlighting good competitive position because it is still under developing as a diverse entertainment and leisure holiday destination as laid down by government policy.

As in second quarter, Macau gaming market resulted revenue growth that increased by 6% year on year, a moderate decrease from double digit growth. But VIP room business still remains accounting for 62% of total gaming revenue.

While China continues to grow and the rest of the world showing of intermittent growth in economy combining with acceleration in extensive reform measure initiated by the Central Government, will be key drivers in promoting China's healthy, sustainable growth. The Group will resolutely continue to develop its presence in Macau, and beyond to balance its sources of revenue. Over time, the Group will continue to benefit from our strategic investments in Macau VIP junket business. We are cautiously optimistic about the VIP room business.

At the moment we have six casinos through investment with those junkets which operated business there, namely The Venetian, Sands Macao, Galaxy, StarWorld, Grand Lisboa and City of Dream recently join in. The allocation of their VIP tables are 14 tables in Venetian, 11 tables in Sands Macao, 18 tables in Galaxy, 22 tables in StarWorld and 13 tables in Grand Lisboa and 11 tables in City of Dream, adding up to 89 tables in total.

In addition to pursuing organic growth, continued efforts will be made to expand our business by prudently seeking suitable investment opportunities that can add value to existing portfolio.

FINANCIAL REVIEW

For the financial year ended 30 June 2014, the Group recorded a turnover of approximately HK$710,396,000 (2013: HK$577,517,000), an increase of 23% year on year. The increase are mainly attribute to excellent performance by junket promoter in Sand Macau together with other junkets delivered solid performance which has fuelled our revenue to hit a record high.

A profit attributable to owners was approximately HK$148,762,000 or 3.22 cents for a share, or compared with last year's net profit of approximately HK$288,300,000 or 6.95 cents for a share.

The significant drop was caused by the result of the impairment loss of available-for-sale investments of Joyful Celebrate, amounting to approximately HK$111,126,000, which was caused by the unfavourable change in the market condition subsequent to the acquisition, and in respect of approximately HK$88,680,000 being excess of investment cost of Superiority Wealthy at time of acquisition. For the acquisition of Superiority Wealthy, the management initially employed certain general market parameters to determine the consideration. Subsequently by reference to a professional valuation report, certain entity and business specific adjustments were found to be necessary and this led to the purchase costs recognised as an expense amounting to HK$88,680,000.

During the year, the Group has made two significant investments with junket promoter business for sharing their profit stream. On 21 October 2013 the Group acquired 5% of issued share capital of Joyful Celebrate to share assigned profit based on their rolling chip revenue generated from gaming table at VIP club at Galaxy Hotel in Macau.

Further on 27 February 2014, the Group acquired 5% of the entire issued capital of Superiority Wealthy to share assigned profit based on their rolling chip revenue generated from gaming table at VIP club at City of Dream in Macau.

Our EBITDA (see Note 1) for the year ended 30 June 2014 was approximately HK$517,615,000, a decrease of approximately HK$49,607,000, or 8.7% compared to approximately HK$567,222,000 for year ended 30 June 2013.

A decrease of EBITDA of approximately HK$49.6 million are mainly attributable to the following reasons:

– The increase of rolling turnover approximately HK$132.9 million was overshadowed by two astronomical figures including an impairment loss of available-for-sale investments of HK$111.1 million arising from fragile performance in last quarter of our financial year affecting the fair value of our acquisition in VIP business operated by junket promoter in Galaxy VIP room. Similar the excess of investment cost which calculated by valuer required the Group to write down HK$88.6 million. The outbalance will have a negative impact on the EBITDA.

– Share of profit of an associate rose by 5.6% to HK$11.7 million, increase by approximately of HK$0.6 million.

– Reduction of general and administrative expenses by HK$2.6 million partly due to a decrease of depreciation of property, plant and equipment approximately HK$0.54 million for the owned office which was leased out for the purpose of earning steady income flow, and the decrease of legal and professional fee etc.

– The gain on fair value change of investment property in amount of HK$0.9 million helped to reduce the negative impact of on the EBITDA.

– During the year ended 30 June 2014, Hoi Long with the business in Grand Lisboa VIP room compensated approximately of HK$3.1 million for difference between actual rolling chip turnover to guarantee one as laid down on agreement.

Note 1: EBITDA refers to earnings before interest expenses and other finance costs, tax, depreciation and amortisation.

DIVIDEND

The directors do not recommend the payment of final dividend for the year 30 June 2014 (2013: Nil).

CAPITAL STRUCTURE

As at 30 June 2014, the total issued share capital of the Company was HK$46,162,245 divided into 4,616,245,000 ordinary shares of HK$0.01 each.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2014, the Group's borrowing of bank loan was approximately HK$20,931,000, a decrease of HK$2,241,000 from last year end date. The total cash and bank balance were approximately HK$45,190,000 as compare to approximately HK$95,575,000 for same period in last year.

The Group had net current assets of approximately HK$496,805,000 as at 30 June 2014 (2013: HK$602,863,000).

The equity of the Group as at year-end was approximately HK$2,967,311,000 (2013: HK$2,806,686,000). The gearing ratio, calculated on the basis of total debt over total equity of the Group as at 30 June 2014, was approximately 1.05% (2013: 1.26%). Total debt is bank borrowing HK$20.9 million and total equity is the equity attributable to owners of the Company.

As at 30 June 2014, the face value of total liabilities amounted to approximately HK$183.0 million (2013: HK$64.7 million), comprising of dividend payable to non-controlling shareholders rolled up to approximately HK$152.2 million, other payables of approximately HK$3.6 million, interest payable of approximately HK$6.1 million and bank borrowing was approximately HK$20.9 million.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2014, an investment property for the Group of HK$59,140,000 (2013: land and building with an aggregate carrying value of approximately HK$51,453,000) were pledged to secure the bank facilities.

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the years ended 30 June 2014 and 2013, there has been no significant progress.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls and transparency to all shareholders.

Save as disclosed below, the Company has, as far as possible, complied with the all code provisions and, where applicable, the recommended best practices of Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 30 June 2014.

A.6.7

– Independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was unable to attend the annual general meeting of the Company held on 29 November 2013 due to other business engagement.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Cheung Yat Hung, Alton (Chairman of audit committee), Mr. Chan Choi Kam and Mr. Yue Fu Wing.

The audit committee has clear terms of reference and is accountable to the Board. The principal duties of the audit committee include the review and supervision of the Group's financial reporting system and internal control procedures, monitoring the external auditor independence and objectivity and performance of corporate governance functions.

The Group's annual results for the year ended 30 June 2014 has been reviewed by the Audit Committee and audited by auditor of the Company, CCIF CPA LIMITED.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive directors, namely Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing and one executive director Mr. Nicholas J. Niglio.

PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board has proposed to make certain amendments to the Company Memorandum and Articles of Association in order to being them in line with the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong, which took effect on 3 March 2014 (the "Proposed Amendment").

The Proposed Amendments are subject to the approval of the shareholders of the Company by way of special resolutions at 2014 Annual General Meeting. A circular, containing, among other things, the Notice of Annual General Meeting which contains the full text of the Proposed Amendments will be dispatched to the shareholders as soon as possible.

PUBLICATION OF RESULTS ANNOUCEMENT AND ANNUAL REPORT

This announcement of the Group's annual results for the year ended 30 June 2014 is published on the website of the Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk and company website (http://www.neptunegroup.com.hk). The annual report will be dispatched to the shareholders of the Company and available on above named websites in due course.

BOARD OF DIRECTOR

As at the date of this announcement the Board comprises the executive directors Mr. Danny Xuda Huang (Chairman), Mr. Nicholas J. Niglio, Mr. Chan Shiu Kwong, Stephen and Mr. Lin Chuen Chow, Andy; the independent non-executive directors are Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Mr. Chan Choi Kam.

By Order of the Board of
Neptune Group Limited
Danny Xuda Huang
Chairman

Hong Kong, 30 September 2014