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## **CHAOYUE GROUP LIMITED**

**超越集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock code: 147)**

### **PROPOSED SHARE SUBDIVISION**

The Board proposes to subdivide each of the issued and unissued Ordinary Shares and Non-voting Convertible Preference Shares into 10 Subdivided Ordinary Shares and 10 Subdivided Non-voting Convertible Preference Shares of HK\$0.001 each respectively. The Ordinary Shares are currently traded in board lots of 5,000 Ordinary Shares. The board lot size will remain unchanged after the Share Subdivision takes effect. It is not intended that any application be made for the listing of the Non-voting Convertible Preference Shares on the Stock Exchange.

Details of the expected timetable and trading arrangements for the implementation of the Share Subdivision are set out in this announcement.

A circular containing information regarding, among other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Ordinary Shares and the procedure for the free exchange of existing share certificates for new certificates for Subdivided Shares, and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

### **PROPOSED SHARE SUBDIVISION**

The Board proposes to subdivide each of the issued and unissued Ordinary Shares and Non-voting Convertible Preference Shares into 10 Subdivided Ordinary Shares and 10 Subdivided Non-voting Preference Shares respectively. The Share Subdivision will become effective upon the fulfilment of the conditions set out below.

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 comprising 49,800,000,000 Ordinary Shares and 200,000,000 Non-voting Convertible Preference Shares, of which 1,567,031,016 Ordinary Shares have been issued as fully paid or credited as fully paid. Upon the Share Subdivision becoming effective and on the basis that the Company will not allot and issue any new Shares or repurchase any Shares after the date of this announcement and prior to the Share Subdivision, the authorised share capital of the Company will be maintained at HK\$500,000,000 comprising 498,000,000,000 Subdivided Ordinary Shares and 2,000,000,000 Subdivided Non-voting Convertible Preference Shares, of which 15,670,310,160 Subdivided Ordinary Shares will be in issue.

The implementation of the Share Subdivision is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the SGM to approve the Share Subdivision; and

- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Ordinary Shares and any Subdivided Ordinary Shares which may fall to be issued pursuant to the outstanding options, warrants or securities set out in the section headed “Adjustment to the Convertible Securities of the Company” of this announcement.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Ordinary Shares. All necessary arrangements will be made for the Subdivided Ordinary Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. It is not intended that any application be made for the listing of the Non-voting Convertible Preference Shares on the Stock Exchange.

Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Subdivision, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, rights and interests of the Shareholders. The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company. The Subdivided Ordinary Shares and the Subdivided Non-voting Convertible Preference Shares will rank pari passu in all respects with each of the Shares in each class and the rights attached to the Subdivided Ordinary Shares and the Subdivided Non-voting Convertible Preference Shares will not be affected by the Share Subdivision.

**REASONS FOR THE SHARE SUBDIVISION**

The proposed Share Subdivision will decrease the nominal value and trading price of the Ordinary Shares and increase the total number of the Ordinary Shares currently in issue. The Directors are of the view that the reduced value of a board lot of the Subdivided Shares as a result of the Share Subdivision will improve the liquidity in the trading of the Ordinary Shares, thereby enabling the Company to attract more investors and broaden its shareholders’ base. Further, the Directors considered that the Share Subdivision would not have any adverse effect on the financial position of the Company and its subsidiaries.

**EXPECTED TIMETABLE**

The Ordinary Shares are currently traded in board lots of 5,000 Ordinary Shares each. The board lot size for trading of the Subdivided Ordinary Shares will remain at 5,000 Subdivided Ordinary Shares after the Share Subdivision takes effect.

The expected timetable for the implementation of the Share Subdivision and the parallel trading arrangement for the Ordinary Shares and the Subdivided Ordinary Shares are set out below:

2009

Despatch of the circular regarding the Share Subdivision . . . . .	Monday, 13 July
Publication of the notice of SGM . . . . .	Monday, 13 July
Latest time for lodging the form of proxy for the SGM . . . . .	11:30 a.m., Wednesday, 29 July
SGM . . . . .	11:30 a.m., Friday, 31 July
Announcement of the poll results of the SGM . . . . .	Friday, 31 July

*The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision set out in the section headed "Proposed Share Subdivision" above.*

2009

Effective date of the Share Subdivision . . . . .	Monday, 3 August
Dealings in the Subdivided Ordinary Shares commence . . . . .	9:30 a.m., Monday, 3 August
Original counter for trading in Ordinary Shares in board lots of 5,000 Ordinary Shares temporarily closes . . . . .	9:30 a.m., Monday, 3 August
Temporary counter for trading in board lots of 50,000 Subdivided Ordinary Shares (in the form of existing share certificates) opens. . . . .	9:30 a.m., Monday, 3 August
First day for free exchange of existing share certificates of Ordinary Shares for new share certificates for the Subdivided Ordinary Shares. . . . .	Monday, 3 August
Original counter for trading in Subdivided Ordinary Shares in board lots of 5,000 Subdivided Ordinary Shares (in the form of new share certificates) reopens . . . . .	9:30 a.m., Monday, 17 August
Parallel trading in Subdivided Ordinary Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:30 a.m., Monday, 17 August
Temporary counter for trading in Subdivided Ordinary Shares in board lots of 50,000 Subdivided Ordinary Shares (in the form of existing share certificates) closes . . . . .	4:00 p.m., Monday, 7 September
Parallel trading in Subdivided Ordinary Shares (in the form of new share certificates and existing share certificates) ends. . . . .	4:00 p.m., Monday, 7 September
Latest time for free exchange of share certificates for new share certificates. . . . .	4:00 p.m., Monday, 14 September

## **EXCHANGE OF SHARE CERTIFICATES**

Subject to the Share Subdivision becoming effective, Shareholders may submit their existing share certificates for the Ordinary Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, No. 28 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates for Subdivided Ordinary Shares (on the basis of 1 Ordinary Share for 10 Subdivided Ordinary Shares) free of charge during business hours from 3 August 2009 to 14 September 2009 (both dates inclusive). Any exchange of share certificates thereafter will be accepted only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued or each existing share certificate submitted, whichever number of share certificates involved is higher. New share certificates are expected to be available for collection from the Company's branch share registrar in Hong Kong at the aforesaid address by the Shareholders within 10 business days (i.e. any day on which the

Stock Exchange is open for the business of dealing in securities) after delivery of the existing share certificates to the Company's branch share registrar in Hong Kong for exchange purposes. Unless otherwise instructed, new share certificates for the Subdivided Ordinary Shares will be issued in board lots of 5,000 Subdivided Ordinary Shares each.

From Tuesday, 8 September 2009 onwards, all existing share certificates for the Ordinary Shares will cease to be valid for trading and settlement purpose but will continue to be evidence of title to such equivalent number of Subdivided Ordinary Shares.

## **ADJUSTMENTS TO THE CONVERTIBLE SECURITIES OF THE COMPANY**

As at the date of this announcement, save for the following, there are no outstanding options, warrants or securities which are convertible or exchangeable into the Ordinary Shares:

- (i) share options granted under the Share Option Scheme carrying rights to subscribe for up to 8,400,000 Ordinary Shares at an exercise price of HK\$5.32 each;
- (ii) the Non-voting Convertible Preference Shares with an aggregate face value of up to HK\$800,000,000 carrying rights to convert up to a total of 200,000,000 Ordinary Shares at a conversion price of HK\$4.0 each; and
- (iii) the unlisted warrants in the principal amount of HK\$46,125,000 carrying rights to subscribe for an aggregate of 307,500,000 Ordinary Shares at an subscription price of HK\$0.15 each.

The Directors expect that, upon the Share Subdivision becoming effective, adjustments will be made to the exercise/conversion prices of the aforesaid convertible securities of the Company pursuant to the terms thereof where appropriate. Holders of the aforesaid convertible securities will be informed of and an announcement will be made by the Company regarding the required adjustments in due course.

## **GENERAL**

A circular containing information regarding, among other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Ordinary Shares and the procedure for the free exchange of existing share certificates, and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

The SGM will be convened and held to consider and, if thought fit, to approve the Share Subdivision and the matters contemplated thereunder. As no Shareholder has an interest in the Share Subdivision which is different from other Shareholders, no Shareholder is required to abstain from voting at the SGM.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings.

“Board”	the board of Directors
“Company”	Chaoyue Group Limited, a company incorporated in Bermuda with limited liability, the Ordinary Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-voting Convertible Preference Shares”	the non-voting and non-redeemable convertible preference shares of HK\$0.01 each to be issued by the Company to Teamwon Limited, Sureguide Limited and Sure Achieve Limited to satisfy the consideration for the acquisition of Park Wealth International Limited
“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Share Subdivision takes effect
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the proposed Share Subdivision
“Share(s)”	Ordinary Share(s) and Non-voting Convertible Preference Share(s)
“Shareholders”	holders of the Shares or the Subdivided Shares (as the case may be)
“Share Option Scheme”	the share option scheme approved and adopted by the Company pursuant to an ordinary resolution passed at a general meeting held on 17 September 2004
“Share Subdivision”	the proposed subdivision of every Ordinary Share and Non-voting Convertible Preference Share in the issued and unissued share capital of the Company into 10 Subdivided Ordinary Shares and 10 Subdivided Non-voting Convertible Preference Shares respectively

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Non-voting Convertible Preference Share(s)”	new Non-voting Convertible Preference Share(s) of HK\$0.001 each in the capital of the Company upon the Share Subdivision becoming effective
“Subdivided Ordinary Share(s)”	new ordinary share(s) of HK\$0.001 each in the capital of the Company upon the Share Subdivision becoming effective
“Subdivided Share(s)”	Subdivided Ordinary Share(s) and Subdivided Non-voting Convertible Preference Share(s)

By Order of the Board  
**Chaoyue Group Limited**  
**Yuen Leong**  
*Executive Director*

Hong Kong, 29 June 2009

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