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## **CHAOYUE GROUP LIMITED**

**超越集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00147)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agent**



On 24 November 2016 after trading hours, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing. Pursuant to the Placing Agreement, the Company has agreed to place, on a best effort basis, through the Placing Agent, up to 1,280,000,000 new Shares to Placees at the Placing Price.

The maximum number of Placing Shares represent (i) approximately 6.72% of the existing issued share capital of the Company, and (ii) approximately 6.30% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

**Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed “Condition of the Placing”. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

Date: 24 November 2016 (after trading hours)

### **Parties**

Issuer: the Company

Placing Agent: Guoyuan Capital (Hong Kong) Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Placing Shares**

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, up to 1,280,000,000 Placing Shares of the Company to not less than six independent Placees. It is not expected that the Placing Agent or any Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 1,280,000,000 Placing Shares represent (i) approximately 6.72% of the existing issued share capital of the Company, and (ii) approximately 6.30% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

Based on the closing price of the Shares of HK\$1.54 per Share on 24 November 2016, the date of the Placing Agreement, the Placing Shares have a market value of HK\$1,971.2 million. The Placing Shares have an aggregate nominal value of HK\$1,280,000.

The Placing Shares will rank, upon issue, *pari passu* in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Each of the Placee will be required to undertake to the Company and the Placing Agent that for a period of 24 months after the settlement date of the Placing Shares with the Placees, the Placee shall not, and shall procure their respective beneficial owners not to sell, transfer, sale or otherwise dispose of, or enter into any agreement for the sale, transfer or disposal of any of the Placing Shares issued to the relevant Placee or any interest therein, or agree to grant any option, warrant or other right carrying the right to acquire any of the respective Placing Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Placed Shares.

### **Placing Price**

The Placing Price is HK\$1.25 per Placing Share and represents:

- (a) a discount of approximately 18.83% to the closing price of HK\$1.54 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement;
- (b) a discount of approximately 18.09% to the average closing price of HK\$1.526 per Share as quoted on the Stock Exchange for the last five trading days prior to 24 November 2016, being the date of the Placing Agreement; and
- (c) a discount of approximately 17.49% to the average closing price of HK\$1.515 per Share as quoted on the Stock Exchange for the last ten trading days prior to 24 November 2016, being the date of the Placing Agreement.

The terms of the Placing Agreement and the Placing Price was determined by the Company and the Placing Agent after arm's length negotiations and under normal commercial terms with reference to the prevailing trading price of the Shares. The Directors consider that the Placing Price is fair and reasonable under the current market conditions. Hence, the Directors are of the view that the Placing is in the interests of the Company and the Shareholders as a whole.

## **Condition of the Placing**

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares.

In the event that the condition to the Placing is not fulfilled on or before the date falling 21 days after the date of the Placing Agreement (i.e. 15 December 2016) (or such other time and date as the Placing Agent and the Company shall agree in writing), the Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties hereto will have any claim against the other for costs, damages, compensation or otherwise except for antecedent breach of provisions of the Placing Agreement.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Termination of the Placing**

The Placing Agent may terminate the Placing Agreement by giving notice in writing to the Company, if at any time prior to the Completion Date, in the opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than three (3) trading days (other than in connection with the Placing); or
- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or

- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) any material change or development involving a prospective change in taxation in Hong Kong, Bermuda or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any material change or deterioration in the conditions of local, national or international securities markets.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

### **Completion of the Placing**

Completion of the Placing is expected to take place as soon as possible following the satisfaction of the condition to the Placing and in any event no later than the third Business Day thereafter (or such other time or date as the Company and the Placing Agent may agree in writing).

### **Company's Undertaking**

Subject to completion of the Placing, the Company undertakes to the Placing Agent that it will procure that, at all times prior to the Completion Date, unless with the prior written consent of the Placing Agent, each member of the Group shall not issue, or agree to issue, any share or loan capital or grant, or agree to grant, any option (other than under the Share Option Scheme) over or right to acquire or to subscribe for any share or loan capital of the Company.

## General Mandate

The issue of the Placing Shares will not be subject to the approval by the Shareholders. The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 8 September 2016. On the date of the annual general meeting, the Company had 19,039,072,320 Shares in issue, and the general mandate granted to the Directors was to issue up to 3,807,814,464 Shares, representing 20% of the number of shares of the Company in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such general mandate, and the Company has not carried out any buy-back of Shares in the 30 days immediately preceding the date of the Placing Agreement.

## EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING

Set out below is the table of the shareholdings in the Company before and after completion of the Placing:

Shareholders	Shareholding as at		Shareholding upon	
	the date of this announcement		completion of the Placing	
	<i>Number of shares</i>	<i>Approximate %</i>	<i>Number of shares</i>	<i>Approximate %</i>
Long Grand Limited ( <i>Note (1)</i> )	10,347,283,880	54.35	10,347,283,880	50.92
Power Trend Asset Holdings Limited ( <i>Note (2)</i> )	2,540,190,000	13.34	2,540,190,000	12.50
Places	–	–	1,280,000,000	6.30
Public Shareholders	<u>6,151,598,440</u>	<u>32.31</u>	<u>6,151,598,440</u>	<u>30.28</u>
Total	<u>19,039,072,320</u>	<u>100.00</u>	<u>20,319,072,320</u>	<u>100.00</u>

*Note:*

- (1) Long Grand Limited is legally and beneficially owned as to 70% by Mr. Yam Yu and as to 30% by Mr. Yuen Leong, the executive Director of the Company.
- (2) Power Trend Asset Holdings Limited is wholly-owned by Mr. Luo Feng, the executive Director and Chairman of the Company.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company had not carried out any equity fund raising activities in the past twelve months prior to the date of this announcement.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in developing and selling of commercial and residential properties in the PRC, provision of corporate management consultancy services and sales of wines.

The Directors consider that the Placing offers a good opportunity to raise additional funds to strengthen the financial position, broaden the shareholder base and capital base of the Group so as to facilitate its future development. The Directors consider that the terms of the Placing Agreement are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

In addition, on the assumption that the Placing is completed in full, it will raise gross proceeds of approximately HK\$1,600 million. The maximum net proceeds of from the Placing will amount to approximately HK\$1,587 million, representing a net price of approximately HK\$1.24 per Placing Share. The net proceeds from the Placing are intended to be applied mainly towards the Group's business development of the platform for the next generation settlement network (as disclosed in the announcement of the Company dated 22 September 2016) 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.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening its Shareholders and capital base. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

**Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed “Conditions of the Placing”. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong;
“Company”	Chaoyue Group Limited (超越集團有限公司), a company incorporated in the Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 147);
“Completion Date”	a day as soon as possible following the satisfaction of the condition to the Placing and in any event no later than the third Business Day thereafter (or such other time or date as the Company and the Placing Agent may agree in writing);
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;



“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board;
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the placing of the Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement;
“Placing Agent”	Guoyuan Capital (Hong Kong) Limited, a company incorporated in Hong Kong and licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 24 November 2016 in relation to the Placing;
“Placing Price”	HK\$1.25 per Placing Share;
“Placing Shares”	up to 1,280,000,000 Shares to be placed pursuant to the terms of the Placing Agreement;
“Share(s)”	ordinary share(s) with par value of HK\$0.001 each in the capital of the issued share capital of the Company;

“Share Option Scheme”	the share option scheme of adopted by the Company on 5 September 2014;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of United States;
“%”	per cent.

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

Hong Kong, 24 November 2016

*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.*