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CHAOYUE GROUP LIMITED

超越集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

**PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES, RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (“AGM”) of Chaoyue Group Limited (the “Company”) to be held at Unit 2302, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Friday, 31 July 2009 at 11:00 a.m. is set out on pages 12 to 14 in this circular. A form of proxy for use by the Shareholders at the AGM is enclosed with the 2009 Annual Report, which has been despatched to the Shareholders together with this circular. If you are unable to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business in Hong Kong at Unit 2302, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

2 July 2009

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I – Explanatory Statement for the Repurchase Mandate	6
Appendix II – Biographical Details of Retiring Directors proposed for Re-election	10
Notice of Annual General Meeting	12

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2009 Annual Report”	the audited consolidated financial statements and the reports of the Directors and of the auditors of the Company for the year ended 31 March 2009
“AGM”	the annual general meeting of the Company to be convened and held at Unit 2302, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Friday, 31 July 2009 at 11:00 a.m.
“Board”	the Company’s board of Directors
“Business Day”	a day on which banks in Hong Kong are open for general business other than a Saturday or Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“Bye-law(s)”	the bye-law(s) of the Company in force from time to time
“Companies Act”	the Companies Act 1981 of Bermuda as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Chaoyue Group Limited, a company incorporated in Bermuda with limited liability, with its Shares listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Issue Mandate”	the proposed general mandate granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution approving the said mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Non-Executive Director”	in relation to any company, a person who from time to time is an independent non-executive director of that company within the meaning of Rule 3.13 of the Listing Rules
“Latest Practicable Date”	29 June, 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the general and unconditional mandate to repurchase shares in the capital of the Company up to 10% of the aggregate nominal amount of the issued and fully paid share capital of the Company as at the date of passing of the resolution granting such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning as defined in the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD

CHAOYUE GROUP LIMITED

超越集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

Executive Director:

Mr. Yuen Leong

Independent Non-Executive Directors:

Ms. Chen Ye

Mr. Chan Wai Dune

Dr. Lam Man Kit, Dominic

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit 2302, 23rd Floor

China Insurance Group Building

141 Des Voeux Road Central

Hong Kong

2 July 2009

*To the Shareholders and, for information only,
holders of the convertible notes of the Company*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES, RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the information in relation to the resolutions to be proposed at the AGM, among the other things, (i) the grant of the General Issue Mandate and the Repurchase Mandate and (ii) the re-election of Directors. These resolutions will be proposed at the AGM and are set out in the notice of AGM as contained in this circular. Your approval of the resolutions relating thereto is therefore sought.

GENERAL ISSUE MANDATE

At the annual general meeting of the Company held on 1 August 2008, a general mandate was given to the Directors to issue new Shares and such mandate will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will be proposed at the AGM for the purpose of renewing

LETTER FROM THE BOARD

the existing share issue mandate granted to Directors to allot, issue and otherwise deal with the Shares. The share issue mandate is subject to a limit equal to 20% of the aggregate nominal amount of the issued capital of the Company at the date of passing such resolution. On the basis that no Shares are issued or repurchased prior to the AGM, the Company would be allowed to allot, issue and deal with a maximum of 313,406,203 further new Shares. The Directors have no present intention to issue new Shares pursuant to the General Issue Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 1 August 2008, a general mandate was given to the Directors to exercise all the powers of the Company to repurchase its own Shares and such mandate will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will be proposed at the AGM for the purpose of renewing the existing Repurchase Mandate granted to the Directors to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued and fully paid up share capital of the Company as at the date of passing such resolution. An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in Appendix I to this circular.

GENERAL MANDATE TO EXTEND TO ISSUE SHARES

Subject to the passing at the AGM of the proposed resolutions regarding the General Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to approve the extension of the 20% share issue mandate by adding to the share issue mandate the number of shares that may be repurchased under the Repurchase Mandate.

For details of the proposed resolutions, Shareholders are referred to the notice of the AGM which is set out on pages 12 to 14 in this circular. With reference to these resolutions, the Board wishes to state that it has no immediate plan to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

RE-ELECTION OF DIRECTORS

Pursuant to the Bye-law 87, Mr. Chan Wai Dune and Dr. Lam Man Kit, Dominic shall retire and being eligible, offer themselves for re-election. The biographical details and interests in the shares of the Company of the retiring Directors are provided in the Appendix II to this circular.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 12 to 14 of this circular. Pursuant to the Listing Rules, the vote of shareholders at the AGM will be taken by poll and the results of the poll will be published on the websites of the Company and the Stock Exchange after the AGM. A form of proxy for use at the AGM is enclosed. If you are unable to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong located at Unit 2302, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting or any adjournment meeting thereof should you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

RECOMMENDATION

The Directors consider that the proposals for General Mandates to Issue Shares and the Repurchase Shares, and the re-election of Directors are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the resolutions to be proposed at the AGM.

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

This is an explanatory statement given to all Shareholders relating to ordinary resolution to be proposed at the AGM authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date the issued and fully paid up share capital of the Company comprised 1,567,031,016 Shares.

Exercised in full of the Repurchase Mandate, if so approved, on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the approval of the Repurchase Mandate, the Company would be allowed under the repurchase resolution to repurchase a maximum of 156,703,101 Shares during the period from the date on which such resolution is passed until the date of (i) conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any application laws of Bermuda to be held; or (iii) the revocation, variation or removal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR THE REPURCHASE

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the repurchase proposal would be beneficial to the Company and Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the company's constitutional documents and the laws of the jurisdiction in which the company is incorporated.

Repurchase of Shares will be funded from the Company's available cash flow or working capital facilities, and will, in any event, be made out of funds legally available for such purposes in accordance with the Bye-laws, the Listing Rules and the laws of Bermuda. The Company is empowered by its Bye-laws to purchase its Shares. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or from the profits that would otherwise be available for distribution by way of dividend, or from the proceeds of a new issue of shares made for the purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the Company's share premium account or contributed surplus account.

On the basis of the current financial position of the Group as disclosed in the 2009 Annual Report of and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in the 2009 Annual Report. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing level which in the opinion of the Directors are from time to time appropriate for the Group.

4. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
June	3.95	3.55
July	5.53	3.72
August	5.10	3.80
September	4.75	1.88
October	3.52	1.63
November	1.65	0.70
December	1.20	0.70
2009		
January	1.80	0.95
February	1.91	1.70
March	1.80	1.50
April	1.89	1.52
May	2.20	1.68
June (up to the Latest Practicable Date)	5.28	2.21

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases of the Shares pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

6. DIRECTORS' DEALINGS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any securities to the Company or its Subsidiaries.

7. CONNECTED PERSONS

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell securities to the Company nor has undertaken not to do so, in the event that the Company is authorised to make purchases of Shares upon Repurchase Mandate is approved by the Shareholders.

8. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholder's interest, may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company upon full exercise of the Repurchase Mandate are set out below:

	As at the Latest Practicable Date		Immediately after full exercise of the Repurchase Mandate	
	Number of issued Shares held	Percentage of issued share capital of the Company	Number of issued Shares held <i>(Note(2))</i>	Percentage of issued share capital of the Company <i>(Note(2))</i>
Controlling Shareholder				
Long Grand Limited <i>(Note(1))</i>	1,081,247,388	69.00%	1,081,247,388	76.67%
Public Shareholder	485,783,628	31.00%	329,080,527	23.33%
	<u>1,567,031,016</u>	<u>100.00%</u>	<u>1,410,327,915</u>	<u>100.00%</u>

Notes:

- (1) Long Grand Limited is legally and beneficially owned as to 70% by Mr. Yam Yu and as to 30% by Mr. Yuen Leong.
- (2) Presuming that (i) the issued share capital of the Company remained at 1,567,031,016 Shares immediately before the full exercise of the Repurchase Mandate; and (ii) the shareholdings of the controlling shareholder as set out in the above table remained unchanged immediately before the full exercise of the Repurchase Mandate. On this basis, the total issued share capital of the Company immediately after the full exercise of the Repurchase Mandate would be 1,410,327,915 Shares.

If the Repurchase Mandate is exercise in full, the shareholding of Long Grand Limited will increase to approximately 76.67%. Such increase in shareholding will give rise to an obligation to make a conditional mandatory offer under the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such extent as would result in (a) the number of shares in the hands of public falling below the prescribed minimum percentage of 25%; and (b) a requirement of the above shareholder to make a mandatory offer under the Takeovers Code.

Despite the aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances, which they deem appropriate for the benefits of the Company and the Shareholders as a whole.

9. SHARE PURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

Stated below are the details of the re-election of Directors as referred to in item 2(a) & (b) of the notice of AGM. The retiring Directors, being eligible, offer themselves for re-election as Directors of the Company at the AGM.

Mr. Chan Wai Dune (“Mr. Chan”)

Mr. Chan, aged 56, was appointed as an Independent Non-Executive Director of the Company on January 1, 2008. Mr. Chan has over 28 years of experience in the finance sector, particularly in auditing and taxation areas. He is a certified public accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. Mr. Chan is currently a member of the Chinese People’s Political Consultative Conference of the Guangzhou Municipal Committee and a member of the Executive Council of China Overseas Friendship Association. Mr. Chan was a member of the Selection Committee for the establishment of the First Government of the Hong Kong Special Administrative Region. Mr. Chan is currently the managing director of CCIF CPA Limited. Mr. Chan is also an independent non-executive director of five Hong Kong Listed companies namely, Minmetals Resources Limited, Heng Xin China Holdings Limited, Jinheng Automotive Safety Technology Holdings Limited, Sam Woo Holdings Limited and Welling Holding Limited. In the past year, he was an independent non-executive director of each of Chuang’s China Investments Limited, Chuang’s Consortium International Limited and Hunan Nonferrous Metals Corporation Limited.

Mr. Chan was a non-executive director of Pickquick Plc. (“Pickquick”), a company incorporated in the United Kingdom prior to its dissolution on 9 May 2004 as a result of creditors’ voluntary liquidation. The principal activity of Pickquick was the production and sale of golf products. The legal proceeding was commenced by the creditors against Pickquick on 16 February 2001 on the ground that it failed to pay a claim in the amount of approximately GBP903,199. Mr. Chan has confirmed that he was not liable for any liability as a result of the dissolution of Pickquick.

As at the Latest Practicable Date, Mr. Chan has an interest in 900,000 share options of the Company which were granted by the Company during the year. Save as disclosed herein, Mr. Chan has no other interests in shares of the Company within the meaning of Part XV of the SFO. Mr. Chan is not related to any other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Chan has entered into a service agreement with the Company for a term of three years commencing on 1 January 2008. Mr. Chan’s emoluments are determined by reference to his experience, duties and responsibilities with the Company. For the financial year ended 31 March 2009, Mr. Chan received a basic annual director’s fee of HK\$200,000.

Save as disclosed above, there is no other information relating to Mr. Chan that need to be disclosed pursuant to Rules 13.51(2)(h) to 13.51 (2)(v) of the Listing Rules or to be brought to the attention of the Shareholders.

Dr. Lam Man Kit, Dominic (“Dr. Lam”)

Dr. Lam, aged 61, was appointed as an Independent Non-Executive Director of the Company on January 1, 2008. Dr. Lam is the Chairman of the World Eye Organization. Dr. Lam obtained a doctorate degree in Medical Biophysics in 1970. He was appointed as Assistant Professor at Harvard Medical School and subsequently Professor of Biotechnology and Ophthalmology at Baylor College of Medicine. In 1988, Dr. Lam was invited to be the Founding Director of the Hong Kong Institute of Biotechnology. In 1990, Dr. Lam was appointed a member of the US President’s Committee on the Arts and Humanities and awarded the KPMG Peat Marwick’s High Tech Entrepreneur of the Year. Since January 2003, Dr. Lam was an independent non-executive director of New World TMT Limited, a company previously listed on the main board of the Stock Exchange and was privatized in March 2006. Dr. Lam is currently the director and chairman of New Legend Group Ltd., a company listed in Toronto Venture Exchange, Canada.

As at the Latest Practicable Date, Dr. Lam has an interest in 900,000 share options of the Company which were granted by the Company during the year. Save as disclosed herein, Dr. Lam has no other interests in shares of the Company within the meaning of Part XV of the SFO. Dr. Lam is not related to any other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Dr. Lam has entered into a service agreement with the Company for a term of three years commencing on January 1, 2008. Dr. Lam’s emoluments are determined by reference to his experience, duties and responsibilities with the Company. For the financial year ended 31 March 2009, Dr. Lam received a basic annual director’s fee of HK\$200,000.

Save as disclosed above, there is no other information relating to Dr. Lam that need to be disclosed pursuant to Rules 13.51(2)(h) to 13.51 (2)(v) of the Listing Rules or to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

CHAORYUE GROUP LIMITED

超越集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

NOTICE IS HEREBY GIVEN that the annual general meeting of Chaoyue Group Limited (the “Company”) will be held at Unit 2302, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Friday, 31 July 2009 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2009;
2.
 - (a) To re-elect Mr. Chan Wai Dune as Independent Non-Executive Director;
 - (b) To re-elect Dr. Lam Man Kit, Dominic as Independent Non-Executive Director;
 - (c) To authorize the board of directors of the Company to fix their remuneration;
3. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and to authorize the board of directors of the Company to fix their remuneration; and

by way of special business, to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

4. **“THAT**
 - (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company (the “Directors”) to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (ii) the approval in (i) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
 - (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval contained in sub-paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue (as defined below); (b) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time; or (c) an issue of shares under any share option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries, shall not exceed twenty per cent. of the nominal amount of the issued share capital of the Company on the date of this Resolution and this approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required, by the bye-laws of the Company or any applicable laws, to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of share open for a period fixed by the directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

5. **“THAT**

- (i) subject to paragraph (ii) below, the exercise by the directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company subject to and in accordance with all applicable laws and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the share capital which the Company is authorized to repurchase pursuant to the approval in paragraph (i) above shall not exceed ten per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required, by the Bye-laws of the Company or any applicable laws, to be held; and
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the passing of the Resolutions numbered 4 and 5 as set out in this notice being passed, the general mandate granted to the directors to exercise the powers of the Company to allot, issue or otherwise deal with the Shares pursuant to Resolution 4 above be and is hereby extended by the addition to the aggregate nominal amount of the shares capital of the Company which may be allotted by the Directors pursuant to such general mandate, of an amount representing the aggregate nominal amount of the share capital of the Company which are repurchased by the Company under the authority granted to the directors pursuant to Resolution numbered 5 above, provided that such amount shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

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

Hong Kong, 2 July 2009

Registered Office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit 2302, 23rd Floor
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Notes:

- (i) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the principal place of business of the Company located at Unit 2302, 23rd Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong, not less than 48 hours before the time for holding of the meeting or adjourned meeting thereof.
- (iii) Where there are joint registered holders of any ordinary share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) The register of members of the Company will be closed from 29 July 2009 to 31 July 2009, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the meeting, all share transfers, accompanied by the relevant share certificates must be lodged with the Company’s branch registrars, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 28 July 2009.
- (v) With regard to ordinary resolutions set out in paragraph 2 and 4 to 6 of this notice, a circular giving details of the re-election of Directors and general mandates to issue and to repurchase Shares will be despatched to shareholders on 2 July 2009. The biographical details of the retiring Directors who are subject to re-election at the meeting are set out in Appendix II to the circular.

As at the date of this notice, 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.