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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Chaoyue Group Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the stockbroker, other registered dealer in securities, the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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R17.02(4)

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**CHAOYUE GROUP LIMITED**  
**超越集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00147)**

R13.51A

- (1) PROPOSED GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES;**  
**(2) TERMINATION OF EXISTING SHARE OPTION SCHEME AND  
ADOPTION OF NEW SHARE OPTION SCHEME;**  
**(3) RE-ELECTION OF DIRECTORS;**  
**AND**  
**(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting (“AGM”) of Chaoyue Group Limited (the “Company”) to be held at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Friday, 5 September 2014 at 10:30 a.m. is set out on pages 23 to 26 in this circular. 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 at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen’s 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 and in such event, the instrument appointing the proxy shall be deemed to be revoked.

5 August 2014

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS .....</b>	<b>1</b>
<b>LETTER FROM THE BOARD .....</b>	<b>3</b>
<b>APPENDIX I - EXPLANATORY STATEMENT FOR THE GENERAL REPURCHASE MANDATE .....</b>	<b>9</b>
<b>APPENDIX II - SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME .....</b>	<b>13</b>
<b>APPENDIX III - BIOGRAPHICAL DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION .....</b>	<b>21</b>
<b>NOTICE OF ANNUAL GENERAL MEETING .....</b>	<b>23</b>
<b>ACCOMPANYING DOCUMENT - PROXY FORM</b>	

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## DEFINITIONS

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

“2014 Annual Report”	the audited consolidated financial statements and the reports of the Directors and of the auditor of the Company for the year ended 31 March 2014
“AGM”	the annual general meeting of the Company to be convened and held at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Friday, 5 September 2014 at 10:30 a.m.
“AGM Notice”	the notice convening the AGM as set out on pages 23 to 26 of this circular
“Board”	the 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-laws”	the Bye-laws of the Company (as amended from time to time)
“Company”	Chaoyue Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 17 September 2004
“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 of the resolution approving the said mandate

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## DEFINITIONS

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“General Repurchase Mandate”	the proposed general and unconditional mandate granted to the Directors 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“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”	31 July 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in the circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the AGM, a summary of the principal terms is set out in Appendix II to this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the 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
“%”	per cent.

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LETTER FROM THE BOARD

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**CHAORYUE GROUP LIMITED**

**超越集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00147)**

*Executive Directors:*

Mr. Yuen Leong

Ms. Luan Li

*Independent Non-executive Directors:*

Dr. Lam Man Kit, Dominic

Mr. Yap Yung

Mr. Zhang Guang Sheng

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

R2.14

*Head Office and Principal Place  
of Business in Hong Kong:*

Unit 3213, 32nd Floor

COSCO Tower

183 Queen's Road Central

Hong Kong

5 August 2014

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED GENERAL MANDATES TO ISSUE  
AND REPURCHASE SHARES;  
(2) TERMINATION OF EXISTING SHARE OPTION SCHEME AND  
ADOPTION OF NEW SHARE OPTION SCHEME;  
(3) RE-ELECTION OF DIRECTORS;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with the information in relation to the resolutions to be proposed at the AGM, namely, among other things, (i) the grant of the General Issue Mandate, the General Repurchase Mandate and the extension of the General Issue Mandate to include Shares repurchased pursuant to the General Repurchase Mandate, (ii) the approval of the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and (iii) the re-election of Directors. These resolutions will be proposed at the AGM and are set out in the AGM Notice as contained in this circular. Your approval of the resolutions relating thereto is therefore sought.

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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATES TO ISSUE AND PURCHASE SHARES

#### **General Issue Mandate**

At the annual general meeting of the Company held on 2 August 2013, 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 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 Shares 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 3,807,814,464 further new Shares.

#### **General Repurchase Mandate**

At the annual general meeting of the Company held on 2 August 2013, 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 share 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 General Repurchase Mandate is set out in Appendix I to this circular.

#### **Extension of General Issue Mandate to issue shares repurchased under the General Repurchase Mandate**

Subject to the passing at the AGM of the proposed resolutions regarding the General Issue Mandate and the General 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 General Issue Mandate the number of shares that may be repurchased under the General Repurchase Mandate.

The General Issue Mandate and General Repurchase Mandate will come into force at the date of passing such resolutions proposed at the AGM and continue in force until whichever is the earliest of: (i) the 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 any applicable law or the Bye-laws to be held; and (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in the above resolutions. With reference to the General Issuance Mandate and the General Repurchase Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any Shares pursuant thereto.

For details of the proposed resolutions, Shareholders are referred to the AGM Notice which is set out on pages 23 to 26 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.

## LETTER FROM THE BOARD

### 3. TERMINATION OF EXISTING SHARE OPTION SCHEME AND ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 17 September 2004 and will be terminated on the date on which the New Share Option Scheme comes into effect upon the fulfilment of the conditions set out below. Upon termination of the Existing Share Option Scheme, no further options will be granted thereunder. Up to the Latest Practicable Date, options to subscribe for 18,000,000 Shares granted under the Existing Share Option Scheme had been exercised or lapsed. As at the Latest Practicable Date, the total number of Shares to be issued upon exercise of all options granted under the Existing Share Option Scheme is 66,000,000 and the details of such are as follows:–

R17.03(16)  
Note

Category of grantee	Date of grant	Exercise price per share	Exercisable period	Vesting period	Number of outstanding options
Directors	17 July 2008	HK\$0.532	17/7/2008 – 16/9/2014	Not applicable	6,000,000
			17/7/2009 – 16/9/2014	17/7/2008 – 16/7/2009	6,000,000
			17/7/2010 – 16/9/2014	17/7/2008 – 16/7/2010	6,000,000
					18,000,000
Employees	17 July 2008	HK\$0.532	17/7/2008 – 16/9/2014	Not applicable	16,000,000
			17/7/2009 – 16/9/2014	17/7/2008 – 16/7/2009	16,000,000
			17/7/2010 – 16/9/2014	17/7/2008 – 16/7/2010	16,000,000
					48,000,000
Exercisable at the Latest Practicable Date					66,000,000

Pursuant to the terms of the Existing Share Option Scheme, upon termination of the Existing Share Option Scheme, any options which have been granted but not yet exercised shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong during normal business hours for a 14-day period immediately preceding the AGM.

R17.02(2)

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## LETTER FROM THE BOARD

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The coming into effect of the New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the AGM approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, and authorising the Directors to grant options to subscribe Shares thereunder and to allot and issue Shares pursuant to the exercise of any option under the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any new Shares which may fall to be issued upon the exercise of the options that may be granted under the New Share Option Scheme.

As at the Latest Practicable Date, there were 19,039,072,320 Shares in issue. Assuming that there are no further allotment of Shares from the Latest Practicable Date up to the date of approval of the New Share Option Scheme, options to subscribe for up to 1,903,907,232 Shares may be issued under the New Share Option Scheme and any other schemes of the Company pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of Shares in issue as at the date of approval of the New Share Option Scheme.

R17.03(3)

The Company is not required to appoint any trustee for the purpose of administering the New Share Option Scheme. The New Share Option Scheme will be subject to administration of the Board. None of the Directors is or will be a trustee of the New Share Option Scheme or have a direct or indirect interest in any such trustee.

R17.02(2)(c)

To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain for voting on the adoption of the New Share Option Scheme.

R2.17

### **Value of the options**

The Directors consider that it is not appropriate to state the value of all the options that can be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are critical for the calculation of the value of such options cannot be determined. These variables include, but not limited to, the subscription price payable for the Shares upon the exercise of subscription rights attaching to the options, whether or not options will be granted under the New Share Option Scheme and the timing of the granting of such options, the period during which the subscription rights may be exercised, and any other conditions that the Board may impose with respect to the options and whether or not such options, if granted, will be exercised. The subscription price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant options under the New Share Option Scheme. With a scheme life of ten years, the Board is of the view that it is too premature to state whether or not options will be granted under the New Share Option Scheme and, if so, the number of options that may be granted. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility to which the

R17.02(3)



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## LETTER FROM THE BOARD

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price of the Shares may be subject to during the ten-year life span of the New Share Option Scheme. The Directors are of the view that the value of the options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the options would not be meaningful to Shareholders in the circumstances.

### **Application for listing**

An application will be made to the Listing Committee of the Stock Exchange for any options that may be granted under the New Share Option Scheme and the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the New Share Option Scheme up to 10% of the Shares in issue as at the date of approval of the New Share Option Scheme.

### **Reasons for adopting the New Share Option Scheme**

The Existing Share Option Scheme will expire on 18 September 2014. The Directors consider that it is appropriate to adopt the New Share Option Scheme. The purpose of the New Share Option Scheme is to enable the Group to attract, retain and motivate talented key management and employees to strive for future development and expansion of the Group. The New Share Option Scheme shall be an incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. When making an offer under the New Share Option Scheme to any participant, the Board is in its absolute discretion to impose the terms on which the option is to be granted (including a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised) either on a case by case basis or generally. The Board will also have absolute discretion in determining the subscription price (not less than the price to be determined pursuant to Rule 17.03(9) of the Listing Rules) in respect of any option. The Directors are of the view that the continuation of flexibility given to the Directors to grant share options to eligible persons subject to the Board's absolute discretion in imposing or not imposing the minimum period for holding the options and the condition of achieving performance targets and the Board's absolute discretion in determining the subscription price will place the Group in a better position to motivate participants to recognise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going relationship with such participants whose contributions are or will be beneficial to the long term growth of the Group.

R17.02(2)(b)

Your attention is also drawn to the additional information set out in Appendix II to this circular.

#### **4. RE-ELECTION OF DIRECTORS**

Pursuant to the Bye-law 87, Mr. Yuen Leong and Mr. Zhang Guang Sheng, shall retire and being eligible, offer themselves for re-election. The biographical details and interests in the Shares of the retiring Directors are provided in Appendix III to this circular.

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## LETTER FROM THE BOARD

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### 5. ANNUAL GENERAL MEETING

For the purpose of compliance with Rule 13.39(4) of the Listing Rules, the Company will procure the Chairman of the AGM to demand for a poll for the ordinary resolutions put to the vote of the AGM in accordance with the Bye-laws, and the results of the poll will be published on the websites of the Company and the Stock Exchange after the AGM.

The AGM Notice is set out on pages 23 to 26 of this circular. A form of proxy for use at the AGM is also enclosed. Whether or not you are able to attend and vote at the AGM, you are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong located at Unit 3213, 32nd Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

### 6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

R17.02(2)(d)

### 7. RECOMMENDATION

The Directors consider that the resolutions referred in this circular and the AGM Notice are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend Shareholders to vote in favour of all the resolutions set out in the AGM Notice.

Yours faithfully  
By order of the Board of  
**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 General 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 19,039,072,320 Shares.

Exercised in full of the General 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 General Repurchase Mandate, the Company would be allowed under the repurchase resolution to repurchase a maximum of 1,903,907,232 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 General Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first, representing not more than 10% of the issued Shares 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 2014 Annual Report and taking into account the current working capital position of the Group, the Directors consider that, if the General 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 2014 Annual Report. However, the Directors do not propose to exercise the General 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 HK\$	Lowest HK\$
<b>2013</b>		
July	0.560	0.495
August	0.700	0.460
September	0.530	0.460
October	0.490	0.320
November	0.430	0.380
December	0.480	0.335
<b>2014</b>		
January	0.500	0.380
February	0.345	0.290
March	0.360	0.285
April	0.310	0.270
May	0.320	0.270
June	0.320	0.275
July (up to the Latest Practicable Date)	0.310	0.250

#### 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 General 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 General 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 General Repurchase Mandate is approved by the Shareholders.

**8. TAKEOVERS CODE**

If, on the exercise of the power to repurchase Shares pursuant to the General 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 General Repurchase Mandate are set out below:

	As at the Latest Practicable Date		Immediately after full exercise of the General Repurchase Mandate	
	Number of issued Shares held	Percentage of issued share capital of the Company	Number of issued Shares held (Note (2))	Percentage of issued share capital of the Company (Note (2))
<b>Controlling Shareholder</b>				
Long Grand Limited (Note(1))	12,887,473,880	67.69%	12,887,473,880	75.21%
<b>Public Shareholder</b>	6,151,598,440	32.31%	4,247,691,208	24.79%
	<u>19,039,072,320</u>	<u>100.00%</u>	<u>17,135,165,088</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 19,039,072,320 Shares immediately before the full exercise of the General 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 General Repurchase Mandate. On this basis, the total issued share capital of the Company immediately after the full exercise of the General Repurchase Mandate would be 17,135,165,088 Shares.

If the General Repurchase Mandate is exercise in full, the shareholding of Long Grand Limited will increase to approximately 75.21%. Such increase in shareholding will not give rise to an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to exercise the General Repurchase Mandate to such extent as would result in the number of shares in the hands of public falling below the prescribed minimum percentage of 25%.

The Directors will exercise the powers conferred by the General 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.

Set out below is a summary of the principal terms of the New Share Option Scheme.

## **1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to enable the Group to attract, retain and motivate talented Participants (as defined in paragraph 4 below) to strive for future development and expansion of the Group. The New Share Option Scheme shall be an incentive to encourage Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

R17.03(1)

## **2. CONDITIONS**

The New Share Option Scheme shall take effect subject to: (a) the passing of an ordinary resolution of the Shareholders in the AGM for the approval for the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and to authorise the Directors to grant options to subscribe for Shares under the New Share Option Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any options granted under the New Share Option Scheme; and (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of options that may be granted under the New Share Option Scheme.

## **3. PERIOD OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the New Share Option Scheme becomes unconditional after which period no further options will be granted and accepted; and thereafter for so long as there are any outstanding unexercised options granted and accepted pursuant thereto prior to the expiration of the said ten-year period and in order to give effect to the exercise of any such options or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

R17.03(11)

## **4. WHO MAY JOIN**

The Board may grant (subject to acceptance in accordance with the terms of the New Share Option Scheme) an option to subscribe for such number of Shares as it may determine at a price determined in accordance with paragraph 5 below to any individual or entity being an employee, officer, agent, consultant, supplier, customer, service provider or representative of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her/its performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors (a "Participant"), subject to such conditions as the Board may think fit, provided that no grants shall be made except to such

R17.03(2)

number of Participants and in such circumstances that the Company will not be required under applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof; and will not result in the breach by the Company or its directors of any applicable securities laws and regulations or in any filing or other requirements arising.

#### **5. SUBSCRIPTION PRICE FOR THE SHARES UNDER THE NEW SHARE OPTION SCHEME**

The subscription price for the Shares on the exercise of options under the New Share Option Scheme shall be a price determined by the Board and notified to the relevant Participant at the time the grant of the options (subject to any adjustments made pursuant to paragraph 17 below) is made to (subject to acceptance by) the Participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the Share.

R17.03(9)

#### **6. MAXIMUM NUMBER OF THE SHARES AVAILABLE FOR SUBSCRIPTION**

The limit on the total number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of the Shares in issue from time to time. Options lapsed or cancelled in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company shall not be counted for the purpose of calculating the said 30% limit.

R17.03(3)

In addition, the total number of the Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company, must not represent more than 10% of the total number of the Shares in issue as at the date of approval of the New Share Option Scheme (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may seek separate approval from the Shareholders in general meeting to refresh the Scheme Mandate Limit, but in any event the total number of the Shares in respect of which options may be granted by the Board under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit. Options previously granted under the New Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised options) will not be counted for the purpose of calculating such refreshed Scheme Mandate Limit.



The Company may also seek separate approval from the Shareholders in general meeting in accordance with the relevant provisions of the Listing Rules for granting options to specified Participants beyond the Scheme Mandate Limit (or refreshed Scheme Mandate Limit) in respect of such number of the Shares and on such terms as may be specified in such approval.

#### **7. MAXIMUM NUMBER OF OPTIONS TO EACH PARTICIPANT**

The total number of the Shares issued and to be issued upon exercise of the options granted to each Participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company, within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the Shares in issue as at the proposed date of grant. Any further grant of options to a Participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such Participant and his/her associates abstaining from voting. The number and terms of the options to be granted to such Participant shall be fixed before the shareholders' approval of the grant of such options.

R17.03(4)

#### **8. GRANT OF OPTIONS TO CONNECTED PERSONS**

Where any grant of options is proposed to be made to a Participant who is a director, chief executive (each has the meaning as ascribed under the Listing Rules) or Substantial Shareholder of the Company or any of their respective associates, such grant must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Participant).

R17.04(1)

Where the Board proposes to grant any option to a Participant who is a Substantial Shareholder or an independent non-executive director of the Company or any of their respective associates and such option which would result in the Shares issued and which may fall to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other share option scheme(s) of the Company in the 12-month period up to and including the proposed date of grant for such options:

- (i) representing in aggregate over 0.1% of the number of the Shares then in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange daily quotations sheet on each relevant date of the grant (subject to acceptance) of the options, in excess of HK\$5,000,000.00,

such proposed grant of options must be approved by the Shareholders in general meeting at which all connected persons of the Company must abstain from voting in favour of the relevant resolutions. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

**9. OFFER AND ACCEPTANCE**

A grant of an option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the option on the terms on which it is to be granted including but not limited to the minimum period for which an option must be held before it can be exercised (if any) and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Participant for a period of thirty (30) days from the date of grant (the “Acceptance Period”).

R17.03(6)  
R17.03(8)

An option shall be deemed to have been accepted when the duplicate letter, comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within the Acceptance Period.

**10. TRANSFERABILITY OF OPTIONS**

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel the relevant grantee’s outstanding options in whole or in part.

R17.03(10)  
R17.03(17)**11. PERFORMANCE TARGET**

No performance target needs to be achieved by the grantee before the options can be exercised, unless otherwise determined by the Board.

R17.03(7)

**12. TIME OF EXERCISE OF OPTIONS**

An option may be exercised in accordance with the terms of the New Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not after ten (10) years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

R17.03(5)

**13. RIGHTS ON CEASING EMPLOYMENT OR ENGAGEMENT**

If the grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant, supplier, customer, service provider or representative of the relevant member of the Group for any reason other than on death, ill health, disability or insanity or the termination of employment, office, agency, consultancy, supply, customer relationship, service or representation on certain grounds specified in the New Share Option Scheme, then, if the option period has not at the date of cessation commenced, the option shall lapse; and if the option period has commenced, the grantee may

exercise the option up to his/her/its entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the option period or the date falling one (1) month from the date of such cessation, and such cessation date shall be the last actual day of employment, office, agency, consultancy, supply, customer relationship, service or representation with the relevant member of the Group whether payment in lieu of notice is made or not (if applicable).

For the purposes of this paragraph 13, a grantee shall not be regarded as ceasing to be an employee (including any executive director), officer (including any non-executive director), agent, consultant, supplier, customer, service provider or representative of the relevant member of the Group if he/she/it ceases to hold a position of employment, office, agency, consultancy or representation with or be a supplier, customer, service provider of a particular member of the Group but at the same time takes up a different position of employment, office, agency, consultancy or representation with or becomes a supplier, customer, service provider of another member of the Group.

#### **14. RIGHTS ON DEATH, ILL HEALTH, DISABILITY AND INSANITY**

If the grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant, supplier, customer, service provider or representative of the relevant member of the Group by reason of death, ill health, disability or insanity before exercising the option in full and none of certain events which would be a ground for termination of his/her employment, office, agency, consultancy, supply, customer relationship, service or representation specified in the New Share Option Scheme arises, the grantee or his/her legal personal representative(s) shall be entitled after commencement of the option period until whichever is the earlier of the date of expiry of the option period or the date falling twelve (12) months from the date of cessation (or such longer period as the Board may determine) to exercise the option (to the extent not already exercised) up to his/her entitlement.

#### **15. RIGHTS ON TAKEOVER**

If a general offer to acquire the Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and the Shareholders or otherwise in like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved (if required) in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the grantee (or his/her legal personal representative(s)) shall, even though the option period has not yet commenced, be entitled to exercise the option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the option period or the date falling fourteen (14) days from the date on which the offer becomes or is declared unconditional, after which the option shall lapse.

**16. RIGHTS ON WINDING-UP**

If a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than five (5) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

**17. EFFECT ON REORGANISATION OF CAPITAL STRUCTURE**

In the event of any capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of the Shares as consideration in respect of a transaction), corresponding adjustments (if any) shall be made in:

R17.03(13)

- (i) the number or nominal amount of the Shares subject to options so far as unexercised;
- (ii) the subscription price in relation to each outstanding option; and/or
- (iii) the method of exercise of the options,

provided that any such adjustments shall be made such that the proportion of the issued share capital of the Company to which an option entitles the grantee to subscribe after such adjustment must be the same as that to which the option entitled the grantee to subscribe immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value.

In respect of any adjustment required by the foregoing provisions, other than any adjustment made on a capitalisation issue, an independent financial adviser or the auditor of the Company for the time being must also confirm to the Board in writing that the adjustments satisfy the foregoing provisions and fairly and reasonably satisfy the requirement that any such adjustment shall be made in compliance with the provisions stipulated under Chapter 17 of the Listing Rules or such other guidelines and supplementary guidance on the interpretation of the Listing Rules issued or as may be issued by the Stock Exchange from time to time.

**18. RANKING OF SHARES**

The Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof is before the date of allotment.

R17.03(10)

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the grantee (or any other person) as the holder thereof.

**19. CANCELLATION OF OPTIONS**

The Board may effect the cancellation of any options granted but not exercised on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

R17.03(14)

Where the Company cancels any options granted but not exercised and grants new option to the same grantee, the grant of such new options may only be made under the New Share Option Scheme if there is available unissued options (excluding the cancelled options) within each of the 10% limits as referred to in paragraph 6 above and there is available options (excluding the cancelled options) under the 1% limit for each Participant as referred to in paragraph 7 above.

**20. LAPSE OF OPTION**

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

R17.03(12)

- (i) the expiry of the option period;
- (ii) the expiry of any of the other periods referred to in paragraphs 13, 14 or 15;
- (iii) subject to paragraph 16 above, the earliest of the close of business on the 5th business day prior to the general meeting referred to in paragraph 16 above or the date of commencement of the winding-up of the Company;
- (iv) save as otherwise provided in paragraph 15 above or by the court in relation to the New Share Option Scheme in question, upon the sanctioning pursuant to the Companies Law by the Supreme Court of Bermuda of a compromise or arrangement between the Company and the Shareholders or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;

- (v) the date on which the grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant, supplier, customer, service provider or representative of any relevant member of the Group by reason of the termination of his/her/its employment, office, agency, consultancy, supply, customer relationship, service or representation on certain grounds specified in the New Share Option Scheme including but not limited to, guilty of misconduct, winding-up, bankruptcy or insolvency, having made any arrangement or composition with his/her/its creditors generally, or conviction of any criminal offence involving his/her (or, for an entity, any of its employees') integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal would be entitled to terminate his/her/its employment, office, agency, consultancy, supply, customer relationship, service, or representation at common law or pursuant to any applicable laws or under the grantee's service contract, sale and purchase agreement, terms of office, or agency, consultancy, or representation agreement or arrangement with the relevant member of the Group; or
- (vi) the date on which the Board exercises the Company's right to cancel the option because of a breach by the grantee of the rules summarised in paragraph 10.

## 21. ALTERATION OF THE NEW SHARE OPTION SCHEME

The terms of the New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Participants unless with the prior sanction of a resolution of the Shareholders in general meeting.

R17.03(18)

Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted must first be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. Any change to the authority of the Board or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must first be approved by the Shareholders of the Company in general meeting.

The amended terms of the New Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

## 22. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by ordinary resolution in general meeting terminate or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further options will be granted but in all other respects the provisions of the New Share Option Scheme in relation to any outstanding options shall remain in full force and effect. All options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

R17.03(16)

The particulars of the retiring Directors proposed to be re-elected at the AGM are set out below:

**Mr. Yuen Leong (“Mr. Yuen”)**

Mr. Yuen, aged 56, was appointed as an Executive Director of the Company on January 1, 2008. Mr. Yuen holds a master degree in mechanical engineering from the Shanghai Jiao Tong University and was a senior research analyst of 福建省研究發展中心 (Fujian Provincial Research and Development Center) from 1985 to 1991. Mr. Yuen is a director of Origin Seed Technology Inc., a company listed on Nasdaq. Mr. Yuen has over ten years of experience in corporate management and operation.

Save as disclosed in this circular, Mr. Yuen did not have any directorship in any other listed public companies in the last three years.

Mr. Yuen does not have any relationship with any Director, senior management or substantial or controlling Shareholders of the Company and does not have any interest in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

In accordance with the Bye-laws, Mr. Yuen will hold office until the next annual general meeting and will then be eligible for re-election; thereafter he will retire by rotation and will be eligible for re-election provided that he shall be subject to retirement at least once every three years. Mr. Yuen receives a director’s salary of HK\$600,000 per annum which is determined by the Board with reference to his experience, duties and responsibilities, and to prevailing market conditions. Mr. Yuen shall also be entitled to discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company.

Save as disclosed above, Mr. Yuen has confirmed that there is no other matter that needs to be brought to the attention of the Shareholders in connection with her re-election and there is no other information that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.



**Mr. Zhang Guang Sheng (“Mr. Zhang”)**

Mr. Zhang, aged 64, was appointed as an Independent Non-Executive Director of the Company on August 20, 2009. Mr. Zhang graduated from 山東礦業學院 (Shandong Mining Institute\*) in 1975 majored in coal mining. Since graduation, he taught in 福建省煤炭工業學校 (Fujian Provincial Institute of Coal and Charcoal Industry) till 1980. Since 1980, Mr. Zhang has served various posts with the PRC government. From 1985 to 1998, Mr. Zhang worked in 福建省人民政府辦公廳 (Fujian Provincial Government). During 1998 to 2000, Mr. Zhang was the managing director and vice general manager of 福建中旅集團 (Fujian CTS Group). Since 2003, Mr. Zhang is the assistant managing officer of 福建省口岸海防辦 (the Office of the Port Opening and Coastal Defense of Fujian Province).

Save as disclosed in this circular, Mr. Zhang did not have any directorship in any other listed public companies in the last three years.

Mr. Zhang does not have any relationship with any Director, senior management or substantial or controlling Shareholders of the Company and does not have any interest in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

In accordance with the Bye-laws, Mr. Zhang will hold office until the next annual general meeting and will then be eligible for re-election; thereafter he will retire by rotation and will be eligible for re-election provided that he shall be subject to retirement at least once every three years. Mr. Zhang receives a director’s fee of HK\$200,000 per annum which is determined by the Board with reference to his experience, duties and responsibilities, and to prevailing market conditions. Mr. Zhang shall also be entitled to discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company.

Save as disclosed above, Mr. Zhang has confirmed that there is no other matter that needs to be brought to the attention of the Shareholders in connection with his re-election and there is no other information that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.



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## NOTICE OF ANNUAL GENERAL MEETING

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### 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 3213, 32nd Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Friday, 5 September 2014 at 10:30 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 2014;
2. (a) To re-elect Mr. Yuen Leong as an executive director of the Company;
- (b) To re-elect Mr. Zhang Guang Sheng as an independent non-executive director of the Company;
- (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 with or without modifications, the following resolutions:

#### **ORDINARY RESOLUTION**

4. “**THAT**
  - (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period of all the powers of the Company 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 20 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
- (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 10 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

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## NOTICE OF ANNUAL GENERAL MEETING

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(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.”
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 share 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 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”
7. “**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular despatched to the shareholders of the Company on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to this meeting and for the purpose of identification signed by the Chairman of this meeting hereof (the “**New Share Option Scheme**”), the New Share Option Scheme be approved and adopted to be the share option scheme of the Company and with effect from the date of the Share Option Scheme becoming unconditional and coming into effect, the existing share option scheme of the Company which was adopted by the Company on 17 September 2004 be terminated and that the Directors be authorised:–
- (a) to grant options thereunder and to allot and issue Shares pursuant to the New Share Option Scheme;
  - (b) to alter and/or modify the New Share Option Scheme from time to time provided that such alternation and/or modification is effected in accordance with the provisions of the New Share Option Scheme relating to the alternation and/or modification and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the exercise of options granted under the New Share Option Scheme and subject to the Listing Rules; and
- (d) to take all such steps as may be necessary or desirable to implement such New Share Option Scheme.”

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

Hong Kong, 5 August 2014

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*  
Unit 3213, 32nd Floor  
COSCO Tower  
183 Queen’s 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 or, if he is a holder of more than one share, more than one 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 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 3213, 32nd Floor, COSCO Tower, 183 Queen’s 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 Thursday, 4 September 2014 to Friday, 5 September 2014, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 3 September 2014.

*As at the date of this notice, the Board comprises Mr. Yuen Leong and Ms. Luan Li as Executive Directors; and Dr. Lam Man Kit, Dominic, Mr. Yap Yung and Mr. Zhang Guang Sheng as Independent Non-Executive Directors.*