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CHAOYUE GROUP LIMITED

超越集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00147)

ANNOUNCEMENT MADE PURSUANT TO RULE 13.09 OF THE LISTING RULES

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Following the Board meeting held on 28 August 2009, the Board announces that the Group has decided not to exercise the Right of First Refusal to acquire 100% of the equity interest in the JV Co and the Proposed Acquisition will not be proceeded. The Board also announces that it has resolved to discontinue the garment business of the Group due to the continuous difficult operating environment as a result of the economic downturn since the second half of 2008.

This announcement is made by Chaoyue Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited.

Reference is made to the Company’s announcement dated 6 July 2009 (the “**Announcement**”) in relation to the Right of First Refusal granted by the Vendor to Longday International Limited (“**Longday**”), a wholly-owned subsidiary of the Company to acquire 100% of the equity interest in the JV Co. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement.

Following the Board meeting held on 28 August 2009, the board of directors of the Company (the “**Board**”) announces that as the Group is not satisfied with the financial due diligence results on the Target Group as the Group considers that the Mining Assets may not generate the level of return as expected by the Group and the Proposed Acquisition may not be in the interest of the Company and its shareholders as a whole. Accordingly, the Group has decided not to exercise the Right of First Refusal and the Proposed Acquisition will not be proceeded.

During the same Board meeting, the Board has performed a review of the existing operations of the Group. Due to the continuous adverse operating environment as a result of the economic downturn since the second half of year 2008, the Group has encountered great difficulties in obtaining orders from customers for its garment business which has ceased to generate meaningful return to the Group. In light of this, the Board has resolved to discontinue the garment business of the Group. As the amount of assets employed in the garment business is not significant, the Board does not consider the discontinuation of the garment business would have any material impact on the Group’s financial position. Meanwhile, the Group will focus its resources on the existing direct drinking water machines and air and water purification equipment and system businesses and formulate appropriate marketing strategies for its future development. The Board is also of the view that the Group has assets of sufficient value with reference to Rule 13.24 of the Listing Rules having regard to the segment assets of HK\$609,908,000 which are related to the drinking

water machines and air and water purification equipment and system businesses and represented approximately 80% of the total assets of the Group as disclosed in the annual report for the year ended 31 March 2009. The Board will also continue to seek for suitable investment opportunities with a view to strengthening the competitiveness of the Group.

Shareholders and potential investors are advised to exercise cautions when dealing in the securities of the Company.

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

Hong Kong, 28 August 2009

As at the date of this announcement, 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.