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CHAOYUE GROUP LIMITED
超越集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 00147)

SHARE TRANSACTION

On 29 September 2009, the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell the Sale Shares, representing 90% of the issued share capital of the Target Company, to the Purchaser at a consideration of US\$20,000,000, of which US\$12,000,000 shall be satisfied by the allotment and issue to the Vendor or its nominees as it may direct of the Consideration Shares at the Issue Price, and of which US\$8,000,000 shall be satisfied by the payment of cash by the Purchaser.

As the applicable percentage ratios (as set out in the Listing Rules) are less than 5% and the consideration of the Acquisition involves the issue of Consideration Shares, the Acquisition constitutes a share transaction for the Company under Rule 14.06(1) of the Listing Rules.

As Completion is subject to fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.

THE AGREEMENT

Date: 29 September 2009

Parties

- (1) The Purchaser
- (2) The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor is not a connected person of the Company within the meanings of the Listing Rules and are thus considered to be independent of the Company and the connected persons of the Company.

Assets to be acquired

The Sale Shares, representing 90% of the issued share capital of the Target Company. The Target Company is an investment holding company and the Tun Lin Group is principally engaged in the operation, exploration and exploitation of gold mine in the Kyrgyz Republic.

Consideration

The Consideration shall be US\$20,000,000, of which US\$12,000,000 shall be satisfied by the allotment and issue to the Vendor or its nominees as it may direct of the Consideration Shares at the Issue Price, and of which US\$8,000,000 shall be satisfied by the payment of cash by the Purchaser.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other factors, the resources, the financial position, development potential, the operating cost structure and the mining life of the Mine and the outlook for gold price. The Consideration has also taken into account the capitalisation of resources multiples (enterprise value to measured, indicated and inferred resources) for comparable international gold mine companies.

The Directors (including the independent non-executive Directors) are of the view that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares will be issued at the Issue Price of HK\$1.28 per Share which was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the average closing price of HK\$1.28 per Share for the last five consecutive trading days up to and including the Last Trading Day. The Consideration Shares represent (i) approximately 0.47% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.46% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares immediately upon Completion (assuming that there is no change in its issued share capital from the date of this announcement to the Completion Date save for the issue of the Consideration Shares).

The Consideration Shares shall be issued as fully paid and shall rank *pari passu* in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price represents:

- (i) a discount of approximately 0.78% over the closing price of HK\$1.29 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) the equivalent of the average closing price per Share of approximately HK\$1.28 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 2.40% over the average closing price per Share of approximately HK\$1.25 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and

- (iv) a premium of approximately 966.67% over the audited consolidated net asset value of the Company per Share of approximately HK\$0.12 (adjusted for the share subdivision being effective on 3 August 2009) as at 31 March 2009.

The Consideration Shares are to be issued by the Company under the general mandate granted to the Directors on 31 July 2009 (the “**General Mandate**”) to allot, issue and deal with up to 3,134,062,032 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 31 July 2009. As of the date of this announcement, the General Mandate has not been utilized.

Conditions precedent

Completion shall be conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) evidence satisfactory to the Purchaser evidencing that the Reorganisation has completed;
- (ii) satisfactory completion of the Due Diligence Review by the Purchaser;
- (iii) the warranties given by the Vendor in the Agreement remaining true and accurate in all respects and not misleading in any respect;
- (iv) all other requisite consents, authorizations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Agreement having been obtained by the respective parties; and
- (v) approval for the listing of and permission to deal in the Consideration Shares on the Stock Exchange having been obtained by the Company from the Listing Committee of the Stock Exchange.

The abovementioned conditions may be waived by the Purchaser save for the condition set out in paragraph (i) and (v) above. If any of the abovementioned conditions is not fulfilled by the Vendor or waived by the Company on or before the Long Stop Date, the Company may terminate the Agreement by notice in writing to the Vendor. Upon such termination, all obligations of the Purchaser and the Vendor under the Agreement shall terminate save as otherwise provided in the Agreement.

Completion

Completion of the Agreement shall take place on the Completion Date.

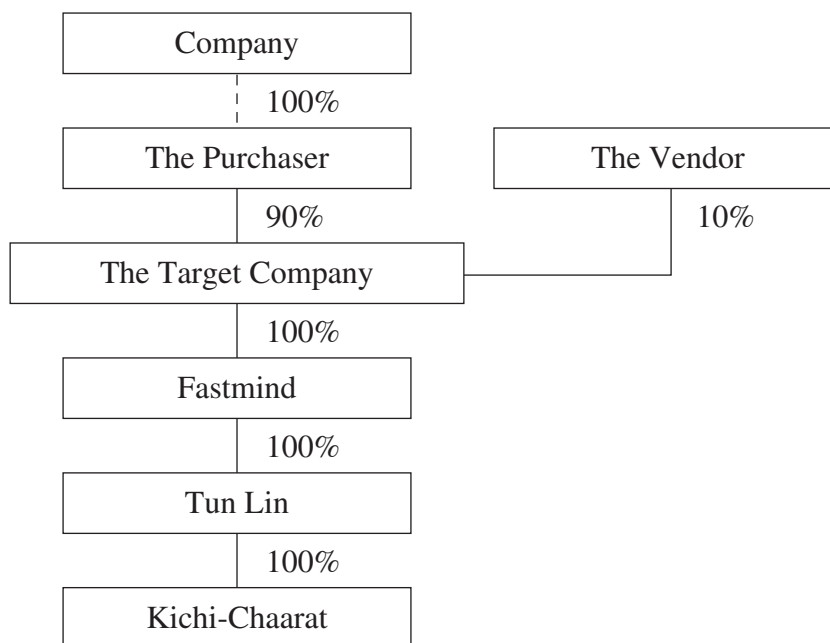
LOCK-UP ARRANGEMENT

From the Completion Date up to and including the date falling 24 months from the Completion Date, without the prior written consent of the Purchaser, the Vendor shall not, directly or indirectly, and shall procure that none of its associates or companies controlled by it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any Encumbrances over) any of the Consideration Shares to be allotted to it under this Agreement or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Consideration Shares or enter into any swap, derivative, lending, pledge or other arrangement that transfer directly or indirectly to another, in whole or in part, any of the economic

consequences of the acquisition or ownership of any such Consideration Shares in respect which it is the beneficial owner (directly or indirectly) and/or which are registered in its name or such other securities, whether any of the foregoing transactions is to be settled by delivery of Consideration Shares or such securities, in cash or otherwise, or announce any intention to do so, and subject always to compliance with the applicable laws.

SHAREHOLDING STRUCTURE

Immediately upon Completion, the shareholding structure of the Target Company will be as follows:



Note: -----denotes indirect shareholding

CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF THE ACQUISITION

The following table sets out the shareholding structure of the Company (based on the best knowledge of the Directors) immediately before and after Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of the Consideration Shares):

	Immediately Before Completion		Immediately After Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Long Grand Limited and its associates	10,812,473,880	68.97	10,812,473,880	68.66
The Vendor or its nominees	–	–	73,125,000	0.46
Other Shareholders	4,863,836,280	31.03	4,863,836,280	30.88
Total	15,676,310,160	100.00	15,749,435,160	100.00

REASONS FOR ENTERING INTO THE AGREEMENT

The principal activities of the Group are (i) the leasing of direct drinking water purification machines; (ii) the manufacturing and sales of air purification and water purification equipments; and (iii) the construction and installation of air purification and sewage treatment system in the PRC.

In order to diversify the businesses of the Group, the Company has been actively seeking for investment opportunities. In view of the increase in demand of natural resources and the increase in the prices of precious metals over the past years, the Directors are optimistic about the future prospects of precious metal. The Directors therefore believe that the Acquisition provides an opportunity for the Group to enhance investment returns for the Group.

Having considered all relevant factors, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET COMPANY, FASTMIND, TUN LIN, KICHI-CHAARAT AND THE MINE

The Target Company

The Target Company is a company incorporated in the British Virgin Islands on 1 July 2009 and has not been engaged in active business operations since its incorporation. The Target Company had a net asset value of approximately HK\$780 and had no other material assets and/or liabilities since its incorporation.

Fastmind, Tun Lin, Kichi-Chaarat and the Mine

Fastmind is a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of the Target Company. Fastmind will acquire 100% interest in Tun Lin Group upon completion of the Reorganisation.

Tun Lin is a company organized under the laws of the Kyrgyz Republic and holds 100% interest in Kichi-Chaarat, which is also a company incorporated in the Kyrgyz Republic and the holder of the Licenses. The Mine is located in the Chatkal region of Jala-Abad Province in western Kyrgyz Republic. The estimated mineral resources in the Mine are approximately 97 tonnes of gold and approximately 1 million tonnes of copper.

The following table sets out the financial information extracted from the unaudited consolidated management accounts of Tun Lin Group as of 30 June 2008 and 2009:

	Six months period ended 30 June	
	2008	2009
	<i>HK\$</i>	<i>HK\$</i>
Revenue	Nil	Nil
Loss before tax	(127,788)	(1,972,825)
Loss after tax	<u>(127,788)</u>	<u>(1,972,825)</u>
	As at 30 June	
	2008	2009
	<i>HK\$</i>	<i>HK\$</i>
Shareholders' deficit	<u>(14,431,588)</u>	<u>(16,404,414)</u>

Tun Lin Group has not engaged in any active business operations since their incorporation.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as set out in the Listing Rules) are less than 5% and the consideration of the Acquisition involves the issue of Consideration Shares, the Acquisition constitutes a share transaction for the Company under Rule 14.06(1) of the Listing Rules.

GENERAL

As Completion is subject to the fulfilment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the following means ascribed to them respectively:

“Acquisition”	the acquisition by the Purchaser of 90% of the issued share capital of the Target Company pursuant to the terms of the Agreement;
“Agreement”	the agreement dated 29 September 2009 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for business;
“Company”	Chaoyue Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Acquisition;
“Completion Date”	date of Completion, being two Business Day after the day on which the last condition precedent is fulfilled or waived or such other date as the Purchaser and the Vendor may agree;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	consideration for the Acquisition as set out in the Agreement, being USD20,000,000 in total;
“Consideration Shares”	73,125,000 Shares to be allotted and issued to the Vendor or its nominees pursuant to the terms and conditions of the Agreement;
“Director(s)”	the director(s) of the Company;
“Due Diligence Review”	the due diligence review in relation to the business, operations, assets and other aspects of the Target Group to be conducted by the Purchaser on the Target Group;
“Fastmind”	Fastmind Investments Limited, a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of the Target Company and will become the holding company of Tun Lin upon completion of the Reorganisation;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons;
“Issue Price”	the issue price of HK\$1.28 per Consideration Share;
“Kichi-Chaarat”	Kichi-Chaarat Closed Joint-Stock Company, a company incorporated in the Kyrgyz Republic, a wholly-owned subsidiary of Tun Lin which is the holder of the Licenses;
“Last Trading Day”	28 September 2009;
“Licenses”	(i) the mining license of no. Au-88-02 issued to Kichi-Chaarat by Geology and Mining Resources Bureau of the Kyrgyz Republic in respect of the Mine and (ii) the exploration license of no. Au-137-04 issued to Kichi-Chaarat by Geology and Mining Resources Bureau of the Kyrgyz Republic in respect of the Mine;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 June 2010 or such later date as may be agreed by the Purchaser in writing;
“Mine”	Kuru-Tegerek Gold deposit located in Chatkal region of Jala-Abad Province in western Kyrgyz Republic, the details of which are provided in the paragraph headed “Fastmind, Tun Lin, Kichi-Chaarat and the Mine” in this announcement;
“PRC”	the People’s Republic of China;
“Purchaser”	Pride Delight Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Reorganisation”	the acquisition by the Fastmind of the entire equity interests in Tun Lin Group;
“Sale Shares”	ninety issued shares, representing 90% of the issued share capital of the Target Company;
“Shareholders”	holders of the Shares;
“Shares”	shares of HK\$0.001 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Eagle Mountain Holdings Limited, a limited liability company incorporated in the British Virgin Islands;
“Target Group”	the Target Company, Fastmind, Tun Lin and Kichi-Chaarat;

“Tun Lin”	Tun Lin Limited Liability Company, a company incorporated in the Kyrgyz Republic which will be beneficially and wholly-owned by the Fastmind upon completion of the Reorganisation;
“Tun Lin Group”	Tun Lin and Kichi-Chaarat;
“US\$”	United States dollar, the lawful currency of the United States;
“Vendor”	Vintage Gold Management Limited, a limited liability company incorporated in the British Virgin Islands;
“%”	per cent.

Note: For the purpose of this announcement, the exchange rate of US\$1 = HK\$7.8 has been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representation that any amount in US\$ or HK\$ have been or may be converted in such rates.

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

Hong Kong, 29 September 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.