



12 September 2012

**High Concentration of Shareholding
in
Chaoyue Group Limited (Stock Code: 147)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of Chaoyue Group Limited (“the Company”) in the hands of a limited number of shareholders as at 3 September 2012.

In view of the high concentration of shareholding in a small number of shareholders, and that the bulk of the shares of the Company (“Shares”) are kept outside CCASS, shareholders and prospective investors should be aware that share price of the Company could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that, as at 3 September 2012, 8 shareholders held an aggregate of 5,000,000,000 Shares, representing approximately 26.56% of the issued Shares. Such shareholding, together with 12,887,473,880 Shares held by the substantial shareholder, namely, Long Grand Limited (representing 68.46% of the issued Shares), represented approximately 95.02% of the issued Shares as at 3 September 2012. Thus, only approximately 4.98% of the issued Shares were held by other investors. Furthermore, these 95.02% Shares held by the 9 shareholders, together with an additional 1.11% Shares held by other shareholders (or 208,546,530 Shares) were kept outside CCASS, leaving only 3.87% (or 728,414,750 Shares) in CCASS, which suggested only a limited amount of Shares were readily available for trading on the market.

As at 3 September 2012, the shareholding structure of the Company was as follows:-

	Number of Shares held (Shares)	% of total number of issued Shares (%)
Long Grand Limited (Note 1)	12,887,473,880	68.46
A group of 8 shareholders	5,000,000,000	26.56
Other shareholders	936,961,280	4.98
Total	<u>18,824,435,160</u>	<u>100.00</u>

Note 1: Long Grand Limited is a company beneficiary owned as to 70% by Mr. Yam Yu and as to 30% by Mr. Yuen Leong. Mr. Yuen Leong is an Executive Director of the Company.



Trading in the Shares was suspended on 25 June 2012 and resumed on 30 July 2012. During the suspension period, the Company announced a very substantial disposal regarding the proposed selling of its entire issued share capital of its wholly-owned subsidiary, namely, Park Wealth International Limited ("Park Wealth"), for \$78.5 million. On trading resumption on 30 July 2012, price of the Shares increased 10.8% from the pre-suspension closing price of \$0.176 to close at \$0.195. Since then, price of the Shares continues to rise and reached a high of \$0.720 on 5 September 2012, representing an increase of 269.2% from its closing price of \$0.195 on 30 July 2012. Price of the Shares closed at \$0.620 on 11 September 2012 but still represented an increase of 218.0% from its closing price of \$0.195 on 30 July 2012.

During the period from 30 July 2012 to 11 September 2012, other than the announcements in relation to the disposal of Park Wealth, the Company had, on 20 August 2012, stated that it was in preliminary discussions with different independent third parties regarding potential acquisition opportunities which may or may not materialize.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.

End