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vongroup
VONGROUP LIMITED
黃河實業有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 318)

**MEMORANDUM OF UNDERSTANDING CONCERNING POTENTIAL
ACQUISITION OF EQUITY INTEREST IN AN ENVIRONMENTALLY-
FRIENDLY EMISSION-FREE LITHIUM-ION BATTERY MANUFACTURER
IN CHINA**

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

The Board is pleased to announce that after market close on 12 June 2009, VFHC, a wholly-owned subsidiary of the Company, entered into the MOU with Beijing Tecroad and the Potential Vendor, pursuant to which VFHC intends to acquire an equity interest in Beijing Tecroad in the region of approximately 20-30%, for a total consideration in the region of approximately HK\$120-150 million, which equity interest may be acquired by way of subscription for new shareholding in Holding Company and/or purchase of existing shareholding of Holding Company (which will be the 100% holding company of Beijing Tecroad upon the completion of restructuring that will be completed on or before the completion of the Potential Acquisition), together with a call option for VFHC to increase its equity interest up to an aggregate of 60% shareholding in Holding Company within 9 months after completion of the Formal Agreement, subject to terms to be agreed upon prior to the signing of the Formal Agreement.

The Board wishes to emphasise that no binding agreement in relation to the Potential Acquisition has been entered into as at the date of this announcement, and the entering into any legally binding agreement will be subject to the progress of the due diligence conducted by the Company as well as agreement on the detailed terms of such legally binding agreement. As such, the Potential Acquisition may or may not proceed. Even if the Potential Acquisition proceeds, the actual equity interest that may be acquired by the Company and the actual consideration therefor may or may not differ substantially from the approximate ranges referred to in the MOU. If the Potential Acquisition materialises, and if the actual consideration therefor is in the region of the approximate range that is referred to in the MOU, it is likely to constitute a notifiable transaction under Chapter 14 of the Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the Shares of the Company. Further announcement in respect of the Potential Acquisition will be made by the Company in the event that any Formal Agreement is signed.

MEMORANDUM OF UNDERSTANDING

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

The Board is pleased to announce that after market close on 12 June 2009, VFHC, a wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with Beijing Tecroad and the Potential Vendor. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Beijing Tecroad and the Potential Vendor are Independent Third Parties.

Summarised below are the principal commercial terms contained in the MOU.

Date

12 June 2009

Parties involved

- (1) VFHC;
- (2) Beijing Tecroad; and
- (3) the Potential Vendor.

Potential Acquisition

Pursuant to the MOU, VFHC intends to acquire, and the Potential Vendor intends to transfer and/or to procure the Holding Company to transfer to VFHC, an equity interest in Holding Company in the region of approximately 20-30% (or other percentage to be agreed) of Holding Company's issued share capital for a total consideration in the region of approximately HK\$120-150 million (or other amount to be agreed), which equity interest may be acquired by way of subscription for new shareholding in Holding Company and/or purchase of existing shareholding of the Holding Company, together with a call option for VFHC to increase its equity interest up to an aggregate of 60% shareholding in Holding Company within 9 months after completion of the Formal Agreement (all of which shall be subject to terms to be agreed upon prior to the signing of the Formal Agreement). The method of payment of the consideration for the Potential Acquisition has not been agreed upon as of the date of signing of the MOU, and may be settled by the Company in the form of cash, Shares or a combination thereof, of which the cash portion may be paid from the Company's internal resources or from external (equity or debt) fund raising.

Under the MOU, both VFHC and the Potential Vendor intend to proceed to negotiating and, if there is any agreement upon the terms, executing a legally-binding Formal Agreement and closing it within 45 days from the date of the MOU (or another mutually agreed date).

Conditions precedent

Completion of the Potential Acquisition will be subject to the following conditions, including but not limited to:

- (a) execution and delivery of the Formal Agreement and fulfillment of the conditions precedent to completion as may be provided therein;
- (b) completion of restructuring of Holding Company and Beijing Tecroad as may be required by VFHC, including but not limited to Beijing Tecroad becoming wholly-owned by the Holding Company;
- (c) completion of due diligence, to the satisfaction of VFHC; and
- (d) all necessary legal, regulatory, governmental and corporate approvals and/or licenses/valuations necessary or desirable for the transaction having been obtained.

INFORMATION ON BEIJING TECROAD

According to information available to the Company, Beijing Tecroad is a company established in Beijing, the PRC, and is principally engaged in the research and development, production and sales and distribution of technologically advanced environmentally-friendly emission-free lithium-ion batteries. Its existing and planned products cover a wide range, from low-capacity batteries of a few Ah to high-capacity batteries of over 100Ah, and its high-capacity batteries can be used to power environmentally-friendly electric buses, cars and other heavy vehicles. Beijing Tecroad's products that have passed product tests by the CNAS in China include a 95Ah lithium-ion battery. Leveraging on this advanced technology, Beijing Tecroad is pursuing research and development of a 150-200Ah cylindrical lithium-ion battery, which may be one of the most powerful single-cell cylindrical batteries commercially available in the PRC.

The Board wishes to emphasise that no binding agreement in relation to the Potential Acquisition has been entered into as at the date of this announcement, and the entering into any legally binding agreement will be subject to the progress of the due diligence conducted by the Company as well as agreement on the detailed terms of such legally binding agreement. As such, the Potential Acquisition may or may not proceed. Even if the Potential Acquisition proceeds, the actual equity interest that may be acquired by the Company and the actual consideration therefor may or may not differ substantially from the approximate ranges referred to in the MOU. If the Potential Acquisition materialises, and if the actual consideration therefor is in the region of the approximate range that is referred to in the MOU, it is likely to constitute a notifiable transaction under Chapter 14 of the Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the Shares of the Company. Further announcement in respect of the Potential Acquisition will be made by the Company in the event that any Formal Agreement is signed.

Made by the order of the Board, the Directors individually and jointly accept responsibility for the accuracy of this announcement as at the date hereof.

DEFINITIONS

Unless the context requires otherwise, the following expression shall have the following meanings in this announcement:

“Beijing Tecroad”	Beijing Tecroad Energy Limited* 北京天路能源有限公司, a company established in PRC that is expected, upon completion of the Potential Acquisition, to be a wholly owned subsidiary of Holding Company
“Board”	the board of Directors
“Company”	Vongroup Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“CNAS”	China National Accreditation Services for Conformity Assessment (中國合格評定國家認可委員會)
“Directors”	directors of the Company
“Formal Agreement”	collectively, the formal agreement of sale and purchase agreement and/or subscription agreement and/or the Option Agreement, and other related legally-binding agreements in relation to the Potential Acquisition which may or may not be entered into
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holding Company”	a company incorporated in the British Virgin Islands (the entire issued share capital of which, as to 90% is held by the Potential Vendor and as to 10% held by an Independent Third Party), which in turn is to be the beneficial shareholder of 100% of Beijing Tecroad upon completion of the Potential Acquisition
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person(s) or company(ies) who/which is or are independent of and not connected with the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 12 June 2009 entered into among VFHC, Beijing Tecroad and the Potential Vendor in relation to the Potential Acquisition
“Option Agreement”	an agreement by which a call option will be granted to VFHC upon signing of the Formal Agreement to acquire shares in Holding Company up to an aggregate of 60% shareholding in Holding Company within 9 months after completion of the Formal Agreement at a price and upon other terms to be agreed
“Potential Acquisition”	the potential acquisition by VFHC in the region of approximately 20-30% (or other percentage to be agreed) of the issued share capital of the Holding Company
“Potential Vendor”	Mr. Ji Kewei, the ultimate beneficial owner of 90% of the Holding Company and Beijing Tecroad
“PRC”	the People’s Republic of China
“Shareholders”	holder(s) of the Shares
“Shares”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“VFHC”	Vongroup Financial Holdings Corporation, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

By order of the Board
Vongroup Limited
Vong Tat Ieong, David
Executive Director

Hong Kong, 14 June 2009

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Vong Tat Ieong, David, Mr. Wong Chi Man and Mr. Xu Siping; and three independent non-executive Directors, namely Mr. Fung Ka Keung, David, Dr. Lam Lee G. and Ms. Wong Man Ngar, Edna.

* *For identification purpose only*