THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Vongroup Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

VONGROUP LIMITED
黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

MAJOR TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

vongroup

A letter from the Board is set out on pages 3 to 8 of this circular.

* *For identification purpose only*

15 May 2015

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Page

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Announcement"	collectively, the announcements of the Company dated 20 April 2015 and 28 April 2015 in relation to the Disposal
"Board"	the board of directors of the Company
"Company"	Vongroup Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Stock Exchange
"Completion"	completion of the Disposal pursuant to the terms of the SPA
"Completion Date"	the day of Completion, which shall be the date on which the last of the conditions precedent under the SPA has been fulfilled or such other date as the Vendor and the Purchaser may in writing agree
"connected person"	has the meaning ascribed to this term under the Listing Rules
"Consideration"	HK$500,000, subject to post-Completion adjustment, being the consideration for the sale and purchase of the Sale Share in accordance with the SPA
"Director"	director of the Company for the time being
"Disposal"	the sale of the Sale Share by the Vendor to the Purchaser pursuant to the SPA
"Financial Cut-Off Date"	30 April 2015 or such other date as the Vendor and the Purchaser may in writing agree
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of The People's Republic of China

"Latest Practicable Date"	11 May 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Sale Share"	the 1 issued share of US$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the SPA
"Share"	ordinary share of HK$0.001 each in the share capital of the Company
"Shareholder"	holder of any Share
"SPA"	the sale and purchase agreement dated as of 20 April 2015 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Share, as supplemented by a letter agreement dated as of 28 April 2015
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Kamboat China Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
"Target Group"	the Target Company and its subsidiary

VONGROUP LIMITED
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Xu Siping

Independent Non-Executive Directors:
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Lam Lee G.
Wong Man Ngar Edna

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83 Hung To Road
Kwun Tong
Kowloon
Hong Kong

15 May 2015

To the shareholders of the Company,

Dear Sir or Madam,

MAJOR TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the Announcement.

On 20 April 2015 (after trading hours), the Vendor entered into the SPA with the Purchaser, as supplemented by a letter agreement on 28 April 2015, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share subject to terms contained therein for the Consideration of HK$500,000 in cash (subject to post-Completion adjustment).

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Disposal; and (ii) other information as required by the Listing Rules.

* *For identification purpose only*

THE DISPOSAL

The Sale and Purchase Agreement, as supplemented by a letter agreement

Dates: 20 April 2015 (the Sale and Purchase Agreement) and 28 April 2015 (the supplemental letter agreement)

Parties: "Vendor" E-Rapid Developments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

"Purchaser" Ever Concept International Limited, a company incorporated in the British Virgin Islands

The Sale Share

Pursuant to the SPA, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share (representing the entire issued share capital of the Target Company) subject to the terms and conditions therein.

After the Financial Cut-Off Date, all economic and legal interests, benefits and liabilities in relation to the Sale Share and the Target Group shall be taken up by the Purchaser.

Consideration

The Consideration for the sale and purchase of the Sale Share is HK$500,000 (subject to post-Completion adjustment), which will be paid in cash upon Completion.

The Vendor undertakes to deliver accounts showing the unaudited consolidated net assets/liabilities of the Target Group as of the Financial Cut-Off Date to the Purchaser within 30 days thereafter. If these accounts show unaudited consolidated net liabilities greater than HK$26,972,000, the Vendor shall pay the excess to the Purchaser within 3 days as post-Completion adjustment, and if these accounts show unaudited consolidated net liabilities less than HK$26,972,000, the Purchaser shall pay the excess to the Vendor within 3 days as post-Completion adjustment; provided that in any event the maximum amount of this post-Completion adjustment will not exceed 10% of the Consideration.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, amongst others, various factors that include the historical financial position and performance of the Target Group and the future prospects of the Target Group.

In particular, the Company took reference from the negative consolidated book value of the Target Group, the consolidated net losses of the Target Group over a number of years, the unsatisfactory business prospects of the traditional-style food & beverage products and services operated by the Target Group, and the business valuation report of the Target Group issued by an independent professional valuer which concluded that the fair value of the entire shareholding in the Target Group is no commercial value.

Based on these factors, and the reasons for the Disposal referred to below, the Directors consider that the Consideration is based on normal commercial terms, maximises Shareholders' benefit and is fair and reasonable for the Company and the Shareholders as a whole.

Completion

Completion is subject to the conditions precedent that the Vendor obtains shareholder's approval as well as all consents and approvals necessary for consummation of the SPA from relevant government or regulatory requirements.

Upon Completion, the Company will cease to hold any interest in the Target Company, and the Target Group will cease to be subsidiaries of the Company and their results will no longer be consolidated into the Company's consolidated results.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have considered that the traditional-style product offerings of the Group's food & beverage division have not been satisfactory, and, as disclosed in the Group's 2012, 2013 and 2014 annual reports, it has been the Group's strategy to scale down its traditional-style products in favour of more efficient products and services, and in favour of exploring different consumer services businesses that may enhance the Group's income source.

In view of reasons that include, amongst others, the unsatisfactory performance of the Target Group, and taking into account the Target Company's unaudited consolidated net liabilities of approximately HK$26,972,000 as at 31 October 2014, its unaudited consolidated net loss of approximately HK$915,000 for the six months ended 31 October 2014, and the business valuation report of the Target Group issued by an independent professional valuer which concluded that the fair value of the entire shareholding in the Target Group is no commercial value, the Directors consider that the Disposal is expected to accrue benefits to the Group as it is an opportunity for the Group to cut ongoing loss, eliminate the consolidated net liabilities of the Target Company, generate positive cashflow from the Disposal and improve the overall financial position of the Group, as well as to successfully divest from its traditional-style food & beverage product offering to allow the Group's food & beverage business to reallocate its financial and management resources towards more financially effective products.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability. The Target Company is principally engaged in investment holding of a subsidiary that is principally engaged in traditional-style restaurant operations in the PRC.

The unaudited consolidated net loss of the Target Company for each of the immediately preceding two financial years was:

	Year ended 30 April 2014	Year ended 30 April 2013
Loss before taxation and extraordinary items	HK$7,947,000	HK$3,095,000
Loss after taxation and extraordinary items	HK$22,850,000	HK$3,095,000

As of 31 October 2014, the unaudited consolidated net liabilities of the Target Group were approximately HK$26,972,000.

INFORMATION ON THE GROUP

The Group is committed to innovation principally in five core business segments – financial services, securities, property, technology and media, and food and beverage.

Upon Completion, the Company will not have any interest in the Target Group, and the Target Group will cease to be subsidiaries of the Company. Accordingly, the profits and losses, and the assets and liabilities, of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

INFORMATION ON THE PURCHASER

The Company understands that the Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

USE OF PROCEEDS

After deducting professional fees in connection with the Disposal, it is estimated that the net proceeds from the Disposal would be approximately HK$400,000 (subject to post-Completion adjustments). The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

The financial results of the Target Group are consolidated in the consolidated financial statements of the Company. After Completion, the Company will cease to have any equity interest in the Target Group, which will cease to be subsidiaries of the Company, and the financial results of the Target Group will not be consolidated in the consolidated financial statements of the Company.

For illustrative purposes, assuming that Completion and the Financial Cut-Off Date took place on 31 October 2014, and based on the unaudited financial information of the Target Group as at 31 October 2014, it is expected that the Group would recognise a gain of approximately HK$27,372,000 as a result of the Disposal, being the difference between the aforesaid estimated net proceeds from the Disposal (subject to post-Completion adjustment) and the carrying value of the Group's interest in the Target Group as at 31 October 2014. It is also assumed that if Completion and the Financial Cut-Off Date took place on 31 October 2014, the unaudited total assets and unaudited total liabilities of the Group would be decreased by approximately HK$8,080,000 and HK$35,452,000, respectively.

The above financial effects are provided for illustrative purposes only. The actual gain or loss as a result of the Disposal to be eventually recorded by the Group is subject to audit of, among others, the carrying value of the Target Company as of the Financial Cut-Off Date and the post-Completion adjustment, if any, which will be assessed after Completion, and therefore may be different from the illustrative amount mentioned above. The Company will keep the Shareholders and public investors informed of the carrying value of the Target Company as of the Financial Cut-Off Date and the post-Completion adjustment, if any, by way of further announcement as and when appropriate.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as set out in the Listing Rules for the Disposal exceeds 25% but does not exceed 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and shareholders' approval requirements.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, written Shareholders' approval has been obtained from Vongroup Holdings Limited, the holder of 3,962,000,000 Shares representing approximately 67.61% of the total voting rights of the Company, in accordance with Rule 14.44 of the Listing Rules. After having obtained this written Shareholders' approval, a general meeting for the approval of the Disposal will not be convened.

GRANT OF APPROVAL FOR DELAYED DESPATCH

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Disposal and other information as required by the Listing Rules should be despatched to the Shareholders within 15 business days after the publication of the announcement dated 20 April 2015.

The Stock Exchange has granted approval to the Company for delayed despatch on or before 15 May 2015.

RECOMMENDATION

The Directors are of the opinion that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Disposal, the Board would recommend the Shareholders to vote in favor of the resolution to approve the Disposal at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

By Order of the Board
Vongroup Limited
Tsui Siu Hung Raymond
Company Secretary

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2015, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, (a) the Group had outstanding mortgages of approximately HK$34,199,000, and (b) save as aforesaid and apart from intra-group liabilities, the Group on a consolidated basis did not have any material debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing or acceptances or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

2. WORKING CAPITAL STATEMENT

As at the Latest Practicable Date, the Directors were of the opinion, after due and careful enquiry, and after taking into the account the effect of the Disposal, that the working capital available to the Group is sufficient for its present requirements for at least 12 months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS

The Group is committed to innovation principally in five core business segments – financial services, securities, property, technology and media, and food and beverage.

In respect of the financial and trading prospects of the Group for the current financial year, the Group is faced with challenges that lie ahead given that the global economic environment remains unstable. In light of this, and to cope with various uncertainties, the Company cautiously reviews and adjusts its business strategies from time to time, while continuing to seek potential investment opportunities with an aim to maximise value for Shareholders. In relation to the Group's food and beverage business, the Group has been scaling down its traditional-style products and services, and continuing to seek and explore less capital-extensive operations to reallocate financial and management resources towards more financially effective products and services, for example, casual-style, quick-service and specialty restaurants, and food and beverage trading.

The following is the text of a business valuation report, prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent valuer, in connection with the valuation of the Target Company as at 16 April 2015.

Peak Vision
Appraisals Limited

12/F, Effectual Building
14-16 Hennessy Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

15 May 2015

The Board of Directors
Vongroup Limited
17A, EGL Tower
83 Hung To Road
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest of Kamboat China Limited

In accordance with your instructions, we have conducted a valuation of the market value of the 100% equity interest of Kamboat China Limited (the "**Business Enterprise**" or "**Target Company**"). It is our understanding that the Business Enterprise, through its subsidiary 廣東金龍船餐飲有限公司 (the "**PRC Subsidiary**"), is principally engaged in the operation of a restaurant in Guangdong Province, the People's Republic of China (the "**PRC**" or "**China**"). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Business Enterprise as at 16 April 2015 (the "**Valuation Date**").

This report states the purpose of valuation and premise of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF VALUATION

This report is being prepared solely for the use of directors and management of Vongroup Limited (the "**Company**") for internal reference and incorporation into a circular. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited. As advised, the Company is considering the disposal (the "**Proposed Disposal**") of the entire issued share capital of the Business Enterprise, which is a wholly owned subsidiary of the Company.

Peak Vision Appraisals Limited ("**Peak Vision Appraisals**") acknowledges that this report may be made available to the Company as one of the sources of information for the Proposed Disposal. The Proposed Disposal, if materialized and the corresponding transaction price would be the result of negotiations between the transacting parties. The management of the Company should be solely responsible for determining the consideration of the Proposed Disposal, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Peak Vision Appraisals assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 PREMISE OF VALUE

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors, the International Valuation Standards 2013 published by the International Valuation Standards Council and the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum, where applicable.

Our valuation is conducted on a market value basis. **Market value** is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

3.0 SOURCES OF INFORMATION

We relied on the following major documents and information in the valuation analysis. Some of the information and materials are furnished by the management of the Company, the Business Enterprise and their representatives (collectively, the "**Management**"). Other information is extracted from public sources such as government sources, Bloomberg and Morningstar, etc.

The major documents and information include the following:

- Memorandum and articles of association of the Business Enterprise provided by the Management;
- Operating information of the Business Enterprise including restaurant information, operating lease information, etc.;
- Announcement(s) made by the Company in relation to the Proposed Disposal; and
- Historical financial information such as income statements and balance sheets of the Business Enterprise provided by the Management.

In the course of our valuation, we have had discussion with the Management on the restaurant industry and the development of the Business Enterprise. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We consider we have obtained adequate information from the sources described above to provide a reliable opinion of market value.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

4.0 BUSINESS ENTERPRISE

4.1 Background

Kamboat China Limited (the Business Enterprise) is a limited liability company incorporated in the British Virgin Islands on 2 January 2002. The Business Enterprise is principally engaged in investment holding of the PRC Subsidiary that is principally engaged in traditional-style restaurant operations in the PRC.

4.2 PRC Subsidiary

廣東金龍船餐飲有限公司 (the PRC Subsidiary) is a wholly foreign owned enterprise with limited liability incorporated in the PRC on 7 March 2005. The following table summarizes the business registration details of the PRC Subsidiary, according to information provided by the Management.

Name	:	廣東金龍船餐飲有限公司 (the PRC Subsidiary)
Registered address	:	中華人民共和國廣東省廣州市環市東路326號之廣東亞洲國際大酒店5樓 (unofficially translated as "Level 5, Guangdong Asia International Hotel, No. 326/1 Huanshi East Road, Guangzhou City, Guangdong Province, the PRC")
Registered capital	:	HK$8,000,000
Incorporation date	:	7 March 2005
Expiry date	:	7 March 2020
Confined business scope	:	Chinese and western style catering; restaurant consulting; conference services (involving relevant operating permits)

Table 1: Business registration details of the PRC Subsidiary

Source: Management

4.3 Shareholding Structure

As advised, the Business Enterprise is currently wholly owned by the Company. The shareholding structure immediately before completion of the Proposed Disposal of the Business Enterprise is tabulated in the figure below:

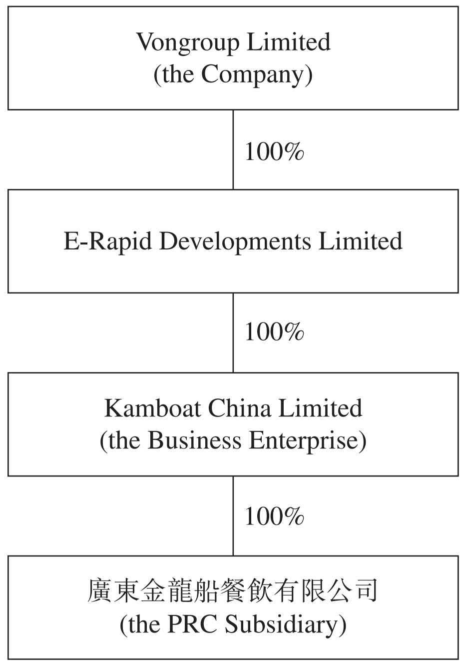

Figure 1: Shareholding structure of the Business Enterprise immediately before the completion of the Proposed Disposal

Source: Management

5.0 BUSINESS OVERVIEW

The Business Enterprise, through the PRC Subsidiary, is engaged in the operation of 金龍船海鮮酒家 (unofficially translated as "Kamboat Chinese Cuisine"), a restaurant located on the 5th Floor of 廣東亞洲國際大酒店 ("Guangdong Asia International Hotel", hereinafter, the "**Hotel**"), No. 326 Huanshi East Road, Guangzhou City, Guangdong Province, the PRC.

The restaurant is a Chinese style restaurant covering a total floor area of approximately 3,300 sq.m., serving Hong Kong cuisine with dishes such as Hong Kong style dim sum, abalone, birds nest and shark fin. According to internet reviews, meals generally range between RMB40-RMB100 per person.

5.1 Operating lease

Pursuant to the tenancy agreement entered into between the PRC Subsidiary and the Hotel, dated March 2011, the Hotel agreed to lease the entire 5th Floor of the Hotel to the PRC Subsidiary for a term of 6 years from 6 July 2011 to 5 July 2017. The monthly rental is RMB395,314 for Year 1, increasing by 2% for Year 2 and 3% for each of Years 3 to 6 respectively, inclusive of airconditioning and management fees.

6.0 CHINA ECONOMIC OVERVIEW

Despite weak and uncertain global conditions, the PRC economy is expected to grow by around 7.4% in 2014 according to the IMF. According to the Hong Kong Trade Development Council ("**HKTDC**") Research, the PRC has recorded a GDP growth of approximately 7.4% and 7.5% in the first and second quarter of 2014 respectively. Furthermore, added-value industrial output (of large enterprises with annual sales exceeding RMB20 million) has increased by 10%, and 9.7% in 2012 and 2013 respectively, and recorded growth of 8.5% during January to August of 2014. Despite the strong historical growth in GDP and added-value of industrial output, it is expected that GDP will grow at a slower rate in the future.

	2009	**2010**	**2011**	**2012**	**2013**	**2014P**
Growth rate	9.2%	10.4%	9.3%	7.7%	7.7%	7.4%

* *Figures above are subject to rounding*

Table 2: GDP growth rate in 2009-2014P

Source: IMF World Economic Outlook Database, October 2014

The growth in GDP and the rate of urbanization have led to an improvement in living standards for the general population and increase in purchasing power. Per capita annual disposable income levels of urban residents have increased substantially since 2000 and have continued to increase in recent years despite external shocks to the world financial markets. During the period from 2008 to 2013, the per capita annual disposable income of urban households in the PRC increased from approximately RMB15,781 to RMB26,955, representing a compound annual growth rate of approximately 11.3%.

7.0 CHINA RESTAURANT INDUSTRY OVERVIEW

The restaurant industry in China can be divided into several types, including mainly: full-service restaurants, casual dining and fast food. According to Frost & Sullivan, full-service restaurants had the largest market share of the restaurant industry in China, accounting for approximately 59% of total restaurant revenue in China in 2013. Further according to Frost & Sullivan, full-service restaurants recorded total revenue of approximately RMB1.5 trillion in 2013, and is expected to grow further at a compound annual growth rate of 8.9% for the period 2014-2017, with total revenue reaching RMB2.1 trillion in 2017.

Full-service restaurants can be sub-divided according to cuisine types, which include Chinese cuisine, Asian cuisine and Western Cuisine. During 2008 to 2013, Chinese cuisine dominated the full-service restaurant market in China, accounting for more than 90% of revenue of full-service restaurants during the period. According to Frost & Sullivan, Chinese cuisine restaurants recorded a total revenue of approximately RMB1,395.4 billion in 2013, representing a total growth of approximately 86% since 2008. Furthermore, revenue of Chinese cuisine full-service restaurants is expected to reach RMB1,912.9 billion in 2017.

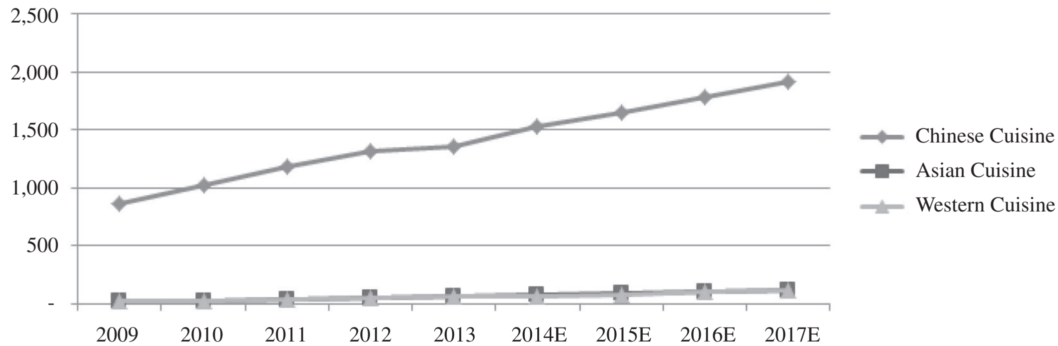

Figure 2: Revenue of full-service restaurants by cuisine in China (RMB billion)

Source: Frost & Sullivan

Cantonese cuisine accounted for approximately 7.5% of the revenue from Chinese full-service restaurants in China. Revenue generated from the Cantonese full-service restaurant sector was approximately RMB104.7 billion in 2013, and is expected to reach RMB140.9 billion by 2017. As suggested by Frost & Sullivan, the growth rate for Cantonese full-service restaurants is lower than the entire full-service restaurant market mainly due to the difficulty in standardizing and operating Cantonese full-service restaurants due to complicated cooking procedures for Cantonese cuisine and emphasis on individual chefs and their skill sets.

However, in late 2012, the PRC government enacted regulations known as "eight rules" and "six bans" aiming to reduce corruption in China. These regulations mainly forbid extravagant spending, including expensive consumption in meals by public officials. These measures have had a negative impact on the restaurant industry in China, especially mid-to-high end restaurants. As a result, annual revenue growth for the restaurant industry in China recorded slower growth of approximately 9.0% in 2013 when compared to growth of approximately 13.6% in 2012.

8.0 INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to the restaurant industry in the PRC, and the development, operations and other relevant information of the Business Enterprise and the PRC Subsidiary. In addition, we have made relevant enquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Business Enterprise;

- Historical information of the Business Enterprise;
- Financial position of the Business Enterprise;
- Proposed business development of the Business Enterprise;
- Regulations and rules of restaurant industry in the PRC;
- Economic and industry data affecting the restaurant industry and other dependent industries in the PRC;
- Market-derived investment return(s) of similar business; and
- General global economic outlook.

9.0 GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to obtain the value of a business subject:

- Market Approach;
- Asset Approach; and
- Income Approach.

Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business that are similar in nature. It is also common practice to employ a number of valuation methods under each approach. Therefore, no one business valuation approach or method is definitive.

9.1 Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then to be applied to the fundamental financial variables of the subject business entity to derive an indication of value.

9.2 Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interest of the business entity.

9.3 Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

10.0 VALUATION ANALYSIS

10.1 Historical financial performance of the Business Enterprise

Based on the unaudited financial statements provided by the Management, the historical financial performance of the Business Enterprise for the years ending 30 April were as follows:

(HK$'000)	2012	2013	*2014	6 months ending 31 October 2014
Turnover	33,899	26,503	19,165	7,427
Cost of inventories consumed	(13,529)	(9,061)	(10,004)	(3,368)
Other expenses	(21,566)	(20,522)	(17,098)	(4,972)
Finance costs	(2)	(15)	(10)	–
Profit tax	–	–	–	(2)
Loss for the period	(1,198)	(3,095)	*(7,947)	(915)

* *2014 figures exclude a one-off impairment loss on amounts due from fellow subsidiaries of approximately HK$14,904,000.*

** *Other expenses include staff costs, operating lease rentals, utilities, building management fee and other operating expenses.*

*** *Figures above are subject to rounding.*

Table 3: Historical performance of the Business Enterprise

Source: Unaudited financial statements of the Business Enterprise

For the last three financial years up to 2014, the Business Enterprise has been loss making. Turnover has decreased for the last two years to approximately HK$19.17 million for the 12 months ending 30 April 2014 compared to approximately HK$33.90 million in 2012, representing an average annual decrease of approximately 24.8%.

The Business Enterprise has had a negative net asset value for the last three financial years, mainly because of a tax payable provision of approximately HK$22 million. As at 31 October 2014, the Business Enterprise had a negative net asset value of approximately HK$26,972,000 (or approximately negative HK$4,311,000 excluding tax payable).

Aside from tax payable, major assets and liabilities consist of Deposits, Prepayments and Other Receivables of approximately HK$6,167,000 and Accruals and Other Payable of approximately HK$11,507,000. The net working capital balance (comprised of inventories, accounts receivable and accounts payable) of approximately HK$143,000 is minimal compared to annual turnover.

10.2 Methodology

In the process of valuing the business subject, we have taken into consideration of the business nature, the specialty of its operation and the industry it is participating. Having considered the three general valuation methodologies, we have applied all three to assess the market value of the Business Enterprise.

10.3 Valuation under the Market Approach

Under the Market Approach, we have considered two commonly used methods of valuation, the Guideline Public Company Method and the Comparable Transaction Method. The Guideline Public Company Method is applied as there are certain publicly traded companies engaged in the same or similar line of businesses as the Business Enterprise that can be identified. The shares of these publicly traded companies are actively traded in free and open markets and provide valid indicators of value to permit meaningful comparison. The Comparable Transaction Method is not appropriate as there are insufficient comparable transactions to form a reliable opinion of value.

10.3.1 Guideline Public Companies

We identified comparable companies in the same industry as the Business Enterprise based on the criteria that (i) they are classified in the restaurant industry according to the Bloomberg Industry Classification System and (ii) they are publicly listed in Hong Kong. Based on our selection criteria, we identified 16 comparable companies which have similar businesses to the Business Enterprise.

10.3.2 Multiple Ratio

In the course of our valuation, we assessed all of the most commonly used industry multiples, namely price to earnings, price to book, enterprise value to EBIT and enterprise value to EBITDA.

Enterprise value is defined as the value of market capitalization plus the sum of interest bearing debts, preferred equity and minority interests minus cash and cash equivalents of a business enterprise. It is the value of the firm’s business and operations as a whole. Enterprise value is more appropriate when comparing values of companies with different degrees of financial leverage.

EBIT is the firm's earnings before interest and taxation and EBITDA is the firm's earnings before interest, tax, depreciation and amortization. Interest, taxation, depreciation and amortization expenses are related to a firm's financial leverage, taxation and accounting treatment of non-current assets, which can vary within an industry. Therefore EBIT and EBITDA are useful measures when it is necessary to compare profitability without the influence of these factors.

In calculating all multiple ratios, we applied the latest, publicly available 12-month financial data of the guideline companies up to the Valuation Date. In some cases, it is useful to apply projected financial data, however, such data is unavailable for both the guideline companies and the Business Enterprise.

The multiples calculated from the financial information of the guideline companies are presented below:

	Multiples			
	P/E	**P/B**	**EV/EBIT**	**EV/ EBITDA**
Mean	21.84x	3.53x	15.41x	9.96x
Median	22.54x	3.60x	13.76x	8.46x
Mean excluding outliers	22.47x	3.90x	13.85x	9.71x
Multiple adopted	22.47x	3.90x	13.85x	9.71x

* *Figures above are subject to rounding*

Table 4: Average multiples of guideline public companies

Source: Bloomberg, Peak Vision Appraisals analysis

However, since the Business Enterprise is loss making (even excluding one-off impairment) and has negative net assets, applying any of the above multiples would result in the Business Enterprise having no commercial value under the Market Approach.

10.4 Valuation under the Asset Approach

On the basis that the summation of market values of the individual assets represents the total value of the Business Enterprise, the value of the equity interest can be derived by subtracting the market value of the total liabilities from the total assets.

10.4.1 Adjustment of Values

Based on the balance sheet, in our analysis, we have separately identified the assets and liabilities of the Business Enterprise as follows:

(i) Non-current Assets

a. Property, plant and equipment

As confirmed with the Management, property, plant and equipment mainly consist of furniture and equipment used in the restaurant. Given the nature of these items, which do not have significant revaluation gains or losses, we consider their respective book values are appropriate in representing their value as at the Valuation Date.

(ii) Current Assets

a. Cash and bank balances

Cash and bank balances are highly liquid in the market and are readily convertible into cash. We were given to understand that the accounting records of these assets are marked to market and thus their respective book values are considered to be appropriate in representing their value as at the Valuation Date.

b. Inventories, accounts receivable, deposits, prepayments and other receivables.

The Management considered the effect of discounting would be immaterial and any necessary provisions for impairment have already been made. Therefore, we consider the respective book values of these assets are appropriate in representing their value as at the Valuation Date.

(iii) Current Liabilities

a. Accounts payable, accruals and other payable, tax payable

As represented by the Management, the current liabilities include accounts payable, accruals and other payable, tax payable. The Management considered the effect of discounting of these current liability items would be immaterial. Therefore, we consider the respective book values of these liabilities are appropriate in representing their value as at the Valuation Date.

Based on our foregoing analysis, under the Asset Approach, no adjustment would be made to the net asset value of the Business Enterprise. Given its negative net asset value, the Business Enterprise would have no commercial value under the Asset Approach.

10.5 Valuation under the Income Approach

As per the latest financial statements of the Business Enterprise, the operating business was loss-making, with a downward trend. As confirmed with the Management, the Business Enterprise currently has no future business plan aside from its restaurant business and of the view that the income projections of the Business Enterprise would be negative.

Given the above, the Business Enterprise would have no commercial value under the Income Approach.

10.6 Valuation Summary

Under all three approaches, the Business Enterprise would have no commercial value due to its current financial performance and position.

11.0 VALUATION ASSUMPTIONS

- As agreed with the Management, we have performed this valuation based on the unaudited financial statements of the Business Enterprise as at 31 October 2014, since financial statements as at the Valuation Date are not available. As confirmed with the Management, no material changes are expected to the negative earnings and negative net asset value of the Business Enterprise up to the Valuation Date;

- The unaudited financial statements of the Business Enterprise as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of the Business Enterprise as at the respective balance sheet dates;

- Market trends and conditions where the Business Enterprise operates will not deviate significantly from the economic forecasts in general;

- Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Business Enterprise;

- There will be no material changes in the business strategy of the Business Enterprise and its operating structure;

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing;

- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Business Enterprise operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the Business Enterprise.

12.0 LIMITING CONDITIONS

Our conclusion of the market value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates as identified or being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for their accuracy.

We have made reference to the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and that any material facts have been omitted from the information provided. No responsibility for the operational and financial information that have not been provided to us is accepted.

The Management has reviewed and agreed on the report and confirmed the content of the report.

We have not investigated the title to or any legal liabilities of the Business Enterprise and have assumed no responsibility for the title to the Business Enterprise.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value(s) are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value(s) represents the consideration based on information furnished by the Company/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

We would particularly point out that our valuation was based on the information such as company background, business nature, market share, future prospect as well as the business plan of the Business Enterprise provided to us.

13.0 REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HK$).

We hereby confirm that we have neither present nor prospective interests in the Business Enterprise, the Company and its subsidiaries and associated companies, or the value reported herein.

14.0 OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, we are of the opinion that the market value of the 100% equity interest of the Business Enterprise as at the Valuation Date was of **no commercial value**.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
Registered Business Valuer of HKBVF,
MRICS, MHKIS, RPS (G.P.),
RICS Registered Valuer
Director

Marcus M. H. Chan
CFA
Associate Director

Notes:

(a) Mr. Nick C. L. Kung is a Registered Professional Surveyor and Registered Business Valuer of the Hong Kong Business Valuation Forum (HKBVF) who has more than 9 years of experience in the valuation of trade-related business assets and businesses in Hong Kong and the PRC.

(b) Mr. Marcus M. H. Chan is a Chartered Financial Analyst charterholder and has extensive experience in valuation of businesses and intangible assets for the purposes of corporate advisory, merger & acquisition and public listing.

1. 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.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests of the Directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or that were required to be entered in the register referred to in section 352 of the SFO, or that were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out as follows:

Name of Director and Chief Executive	Capacity	Number of Shares	Percentage of issued capital
Vong Tat Ieong David (Note)	Held through a controlled corporation	3,962,000,000	67.61%

Note: The interest of Vong Tat Ieong David is held by Vongroup Holdings Limited, of which he is the ultimate beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive had an interest or short position 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) that was disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered in the registered referred to in section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses to which a Director and his associate were appointed to represent the interests of the Company and/or the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which is not determinable by the Group within one year without payment of any compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 April 2014, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened, against any member of the Group.

7. MATERIAL CONTRACTS

Save for and except for the SPA, of which a summary of the principal terms, and particulars of any consideration passing to or from any member of the Group, are set out in this circular, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the issue of this circular.

8. EXPERT'S QUALIFICATIONS AND INTERESTS

Peak Vision Appraisals Limited, an independent professional valuer, has given its opinion or advice as set out in Appendix II to this circular.

As at the Latest Practicable Date, Peak Vision Appraisals Limited did not have any shareholding in any member of the Group nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and it did not have any direct or indirect interest in any assets which had been, since 30 April 2014 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

9. CONSENT

Peak Vision Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reports and references to its name in the form and context in which it appears.

10. MISCELLANEOUS

(i) The transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(ii) The Secretary of the Company is Tsui Siu Hung Raymond, who is a practising member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on Mondays through Fridays at the head office of the Company at 17A EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong, up to and including the date which is 14 days from the date of this circular:

(i) the memorandum and articles of association of the Company;

(ii) the Company's annual reports for each of the three financial years ended 30 April 2012, 30 April 2013 and 30 April 2014;

(iii) the Company's interim report for the six months ended 31 October 2014;

(iv) the material contract referred to in the paragraph headed "Material Contracts" in this Appendix;

(v) the business valuation report of the Target Group issued by Peak Vision Appraisals Limited as set out in Appendix II to this circular; and

(vi) this circular.