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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.

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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)

**PROPOSED SHARE CONSOLIDATION,
PROPOSED REFRESHMENT OF GENERAL MANDATE, AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



Titan Financial Services Limited

A letter from the Board is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out from pages 10 to 15 of this circular.

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at 11 a.m. on Friday, 5 February 2016 at Level 1, Dorsett Kwun Tong, Hong Kong, 84 Hung To Road, Kwun Tong, Kowloon, Hong Kong, is set out from pages 16 to 17 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

21 January 2016

* for identification purposes only

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 29 September 2015 at which the Shareholders approved, among other matters, the Existing General Mandate
“Announcement”	the announcement of the Company dated 7 January 2016 in relation to the proposed Share Consolidation
“Board”	the Board of Directors of the Company
“Business Day”	a day (other than a Saturday and Sunday) on which licensed banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Vongroup Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Stock Exchange
“Consolidated Share”	Share of par value of HK\$0.04 each in the share capital of the Company upon completion of the proposed Share Consolidation
“Director”	a director of the board of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the proposed Share Consolidation and the proposed Refreshment of General Mandate
“Existing General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors to advise the Independent Shareholders in respect of the proposed Refreshment of General Mandate

DEFINITIONS

“Independent Financial Adviser”	Titan Financial Services Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Refreshment of General Mandate
“Independent Shareholder”	Shareholder other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, any Director (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	7 January 2016, being the last trading day immediately before the publication of the Announcement
“Latest Practicable Date”	15 January 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	FP Sino-Rich Securities and Futures Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined under the SFO
“Placing and Subscription Agreement”	the placing and subscription agreement entered into by VHL, the Company and the Placing Agent, dated 22 December 2015
“Refreshment of General Mandate”	the refreshment of general mandate to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share”	ordinary share of HK\$0.001 each in the share capital of the Company
“Share Consolidation”	the consolidation of every 40 issued and unissued Shares of par value of HK\$0.001 each into one Consolidated Share of par value of HK\$0.04 each
“Shareholder”	holder of a Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VHL”	Vongroup Holdings Limited, a limited company incorporated in the British Virgin Islands
“%”	per cent

EXPECTED TIMETABLE

Set out below is the proposed timetable for the implementation of the proposed Share Consolidation:

Event	Time and date
	2016
Expected date of despatch of the circular, notice and proxy form of the EGM.	not later than Thursday, 21 January
Latest time for return of proxy form of the EGM (not less than 48 hours prior to time of the EGM)	11:00 a.m. on Wednesday, 3 February
EGM.	11:00 a.m. on Friday, 5 February
Announcement of results of the EGM	Friday, 5 February
Effective date of the Share Consolidation.	Thursday, 11 February
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Thursday, 11 February
Original counter for trading in Shares in existing Shares in board lots of 5,000 Shares temporarily closes	9:00 a.m. on Thursday, 11 February
Temporary counter for trading in Consolidated Shares in board lots of 125 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 11 February
First day for free exchange of existing share certificates for new share certificates for Consolidated Shares commences	9:00 a.m. on Thursday, 11 February
Original counter for trading in Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Thursday, 25 February
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Thursday, 25 February
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins	9:00 a.m. on Thursday, 25 February
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Wednesday, 16 March
Temporary counter for trading in board lots of 125 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on Wednesday, 16 March
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends	4:00 p.m. on Wednesday, 16 March
Last day for free exchange of existing certificates for new certificates for Consolidated Shares	4:30 p.m. on Friday, 18 March

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

LETTER FROM THE BOARD

vongroup

VONGROUP LIMITED

黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

Executive Directors:
Vong Tat Ieong David
Xu Siping

Independent Non-executive Directors:
Fung Ka Keung David
Lam Lee G.
Wong Man Ngar Edna

Registered office:
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Hutchins Drive
P.O. Box 2681
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Cayman Islands

Head office:
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83 Hung To Road
Kwun Tong
Kowloon
Hong Kong

21 January 2016

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION,
PROPOSED REFRESHMENT OF GENERAL MANDATE, AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The purposes of this circular are to provide you with information in respect of (i) the proposed Share Consolidation, (ii) the proposed Refreshment of General Mandate, (iii) the recommendation from the Independent Board Committee to the Independent Shareholders giving its recommendations in relation to the proposed Refreshment of General Mandate, (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice and recommendations on the proposed Refreshment of General Mandate, and (v) the notice of the EGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the proposed Share Consolidation on the basis that every 40 issued and unissued Shares of par value of HK\$0.001 each will be consolidated into one Consolidated Share of par value of HK\$0.04 each.

Conditions of the proposed Share Consolidation

The proposed Share Consolidation is conditional upon (i) the passing of the relevant resolution to approve the proposed Share Consolidation by the Shareholders at the EGM, and (ii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Consolidated Shares.

The proposed Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

* for identification purposes only

LETTER FROM THE BOARD

Effect of the proposed Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000,000 Shares of HK\$0.001 each, of which 6,753,615,900 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the EGM, immediately after the proposed Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$200,000,000 divided into 5,000,000,000 Consolidated Shares of HK\$0.04 each, of which 168,840,397 whole Consolidated Shares will be in issue which are fully paid or credited as fully paid following the proposed Share Consolidation becoming effective.

Upon the proposed Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the proposed Share Consolidation becoming effective, which is expected to be on Thursday, 11 February 2016, Shareholders may, during the period from Thursday, 11 February 2016 to Friday, 18 March 2016 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit share certificates for the existing Shares in blue colour to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new certificates of the Consolidated Shares in green colour. Thereafter, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not accepted for trading, settlement and registration upon completion of the proposed Share Consolidation.

Board Lot Size

The Shares are traded on the Stock Exchange in the board lot size of 5,000 Shares. Upon the proposed Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 5,000 Consolidated Shares.

Based on the closing price of HK\$0.050 per Share (equivalent to HK\$2.00 per Consolidated Share) as at the Last Trading Day, the value of each board lot of the Shares is HK\$250 and the theoretical market value of each board lot of the Consolidated Shares, assuming the proposed Share Consolidation had already been effective, would be HK\$10,000.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed FP Sino-Rich Securities & Futures Limited to stand in the market to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Consolidated Shares from Thursday, 25 February 2016 to Wednesday, 16 March 2016 (both days inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or top up to a full board lot may, directly or through their brokers, contact Tommy Ngai of FP Sino-Rich Securities & Futures Limited at 3702B, 37/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong at telephone number (852) 3102 2222 during this period.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not assured. Any Shareholder who has queries about the odd lots arrangement should consult his own professional advisers.

LETTER FROM THE BOARD

Reasons for the proposed Share Consolidation

Upon the effectiveness of the proposed Share Consolidation, the corresponding increase in the trading price of the Consolidated Shares, based on the closing price per Share as at the Last Trading Day, will enable the Company to comply with trading requirements pursuant to Rule 13.64 of the Listing Rules relating to the market price of securities that approach the extremities of HK\$0.01 or HK\$9,995.00. In view of this, amongst others, the Board considers that the proposed Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the proposed Share Consolidation will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the proposed Share Consolidation will not have any material adverse effect on the financial position of the Group.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in on any stock exchange, nor is listing or permission to deal on any other exchange being or is proposed to be sought.

PROPOSED REFRESHMENT OF GENERAL MANDATE

Background

Pursuant to an ordinary resolution passed by the Shareholders at the AGM, the Directors were granted the Existing General Mandate to issue, allot and deal with up to 1,171,972,180 Shares of HK\$0.001 each (equivalent to 29,299,304 whole Consolidated Shares), representing 20% of the issued share capital of the Company of 5,859,860,900 Shares of HK\$0.001 each (equivalent to 146,496,522 whole Consolidated Shares). There has not been any refreshment of the Existing General Mandate since the AGM up to the Latest Practicable Date.

Utilisation of the Existing General Mandate since the AGM

As at the Latest Practicable Date, the Existing General Mandate has been utilised as to 893,755,000 Shares (equivalent to 22,343,875 whole Consolidated Shares), representing approximately 76.26% of the number of new Shares which were allowed to be issued, allotted and dealt with under the Existing General Mandate.

Save for the fund raising activity mentioned below, the Company has not conducted any other fund raising activities under general mandate since the AGM up to the Latest Practicable Date.

Date of announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
22 December 2015	893,755,000 new Shares at HK\$0.0481 per Share issued on 4 January 2016 pursuant to the Placing and Subscription Agreement	HK\$42.3 million	General working capital of the Group	The net proceeds have not yet been utilised and are deposited in the Company's bank account as at the Latest Practicable Date

LETTER FROM THE BOARD

Reasons for the proposed Refreshment of General Mandate

The net proceeds under the Placing and Subscription Agreement, which are intended to be used for the general working capital of the Group, are currently expected to be deployed or to be tentatively earmarked to be deployed within the approximately coming three months for funding the expansion of the Group's existing business operations including financial services, property, technology & media, and food & beverage.

Other than the net proceeds pursuant to the Placing and Subscription Agreement, the Group's cash balance was approximately HK\$36 million as of 31 October 2015, as announced in the Company's interim results announcement for the six months ended 31 October 2015, which is currently intended to be reserved for general administrative expenses and other general working capital when the need arises.

The Company's business plans, as stated in the Company's interim results announcement for the six months ended 31 October 2015, include exploring and identifying suitable business and investment opportunities for the Group's existing business divisions in financial services, property, technology & media and food & beverage. Discussions for these include but are not limited to those stated in the Company's announcement dated 16 November 2015, in which the Company stated that it is engaged in preliminary discussions with potential independent third parties in relation to a possible transaction with a view to the Group making an investment in the technology & media industry; no agreement has been reached as to the terms of this or other potential investments, including but not limited to the consideration, timing and form of the investments. If this or other potential business or investment opportunities materialise, the Company will make arrangements for funding them from internal resources or from equity or debt fund raising.

As at the Latest Practicable Date, the Company has no imminent funding needs and has not yet formulated any concrete plan for raising capital by issuing new Shares under the proposed Refreshment of General Mandate and before the date of the next annual general meeting of the Company; however, if business and investment opportunities that are under discussion or that will be explored and identified do materialise, then, depending on factors that include, amongst others, the terms of the opportunity and the market conditions for fund raising, a possible placement of new Shares for fund raising or for issuance of consideration Shares for an investment could materialise after the granting of the proposed Refreshment of General Mandate and before the date of the next annual general meeting of the Company.

The Company considers and may execute different fund raising alternatives when the need or opportunity arises, including equity fund raising using a general mandate or a specific mandate, debt financing, and pre-emptive equity fund raising, depending on the terms and timing requirements of the need or opportunity. In addition to providing a fund raising alternative, the granting of the proposed Refreshment of General Mandate will likewise equip the Company with an additional alternative and the flexibility to negotiate terms for investment opportunities that may arise, by way of issuance of new Shares as consideration, if needed.

Having considered that over 76% of the Existing General Mandate has been utilised as at the Latest Practicable Date, the Directors are of the view that the proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole. This would empower the Directors with greater independence and ability to respond to the competitive and rapidly changing capital markets in a timely manner, and to provide the Company with flexibility to raise additional funds as general working capital or to capture any potential business development and/or investment opportunity as and when it arises.

In view of the above, the Board wishes to seek approval of the Independent Shareholders at the EGM to approve the proposed Refreshment of General Mandate.

General

As at the Latest Practicable Date, the issued share capital of the Company consists of 6,753,615,900 Shares (equivalent to 168,840,397 whole Consolidated Shares). An ordinary resolution will be proposed to the Independent Shareholders at the EGM to approve the proposed Refreshment of General Mandate to authorise the Directors to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the EGM.

LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the proposed Refreshment of General Mandate. Titan Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed Refreshment of General Mandate.

Accordingly, VHL and Vong Tat Ieong David (being the controlling shareholders of the Company), controlling or entitled to exercise control 3,962,000,000 Shares as at the Latest Practicable Date, being 30% or more of the voting power at general meetings of the Company, shall abstain from voting at the EGM in favour of the resolution regarding the proposed Refreshment of General Mandate.

EGM

A notice of the EGM is set out from pages 16 to 17 of this circular. The EGM will be convened at Level 1, Dorsett Kwun Tong, Hong Kong, 84 Hung To Road, Kwun Tong, Kowloon, Hong Kong, on 5 February 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, the passing of the relevant resolutions approving (i) the proposed Share Consolidation, and (ii) the proposed Refreshment of General Mandate.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors are of the opinion that the proposed Share Consolidation and the proposed Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM.

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 9 of this circular and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders set out from pages 10 to 15 of this circular, in each case in relation to the proposed Refreshment of General Mandate.

RESPONSIBILITY STATEMENT

This document, 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 document 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 in this document misleading.

Yours faithfully,

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

vongroup

VONGROUP LIMITED

黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

21 January 2016

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANADATE

We refer to the circular of the Company dated 21 January 2016 (the “Circular”), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as ascribed to them in the Circular.

We have been appointed to advise the Independent Shareholders in connection with the terms of the proposed Refreshment of General Mandate. Titan Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are of the view that the terms of the proposed Refreshment of General Mandate, after taking into account the advice of the Independent Financial Adviser as set out from pages 10 to 15 of the Circular, are fair and reasonable so far as the Independent Shareholders are concerned, and that the proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the proposed Refreshment of General Mandate.

Yours faithfully,

Fung Ka Keung David

Lam Lee G.

Wong Man Ngar Edna

Independent Non-executive Directors

* *for identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Titan Financial Services Limited in respect of the Refreshment of General Mandate prepared for the purpose of inclusion in this circular.



Titan Financial Services Limited
Suites 3201-02, 32/F
COSCO Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

21 January 2016

*To the Independent Board Committee
and the Independent Shareholders
of Vongroup Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 21 January 2016 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, the Refreshment of General Mandate will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the EGM at which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution proposed for approving the Refreshment of General Mandate, and under 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Refreshment of General Mandate at the EGM will be taken by way of poll.

Accordingly, VHL and Mr. Vong Tat Ieong David (being the controlling shareholders of the Company), controlling or entitled to exercise control 3,962,000,000 Shares as at the Latest Practicable Date, being 30% or more of the voting power at general meetings of the Company, shall abstain from voting at the EGM in favour of the resolution regarding the Refreshment of General Mandate.

The Independent Board Committee, comprising Mr. Fung Ka Keung David, Dr. Lam Lee G. and Ms. Wong Man Ngar Edna (all being independent non-executive Directors), has been established by the Company to advise the Independent Shareholders as to whether the Refreshment of General Mandate is in the interests of the Company and the Shareholders, and fair and reasonable so far as the Independent Shareholders are concerned. We, Titan Financial Services Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, we were not aware of any relationships or interests between us and any member of the Group or any of their substantial shareholders, directors or chief executives, or their respective associates, that could reasonably be regarded as hindrance to our independence to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Refreshment of General Mandate. Apart from our appointment as the independent financial adviser, we have not acted as the independent financial adviser in respect of any transaction of the Company in the past two years.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and/or the management of the Company (the "**Management**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assumed that all information and representations provided by the Directors and/or the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group and the prospects of the markets in which the Group operates.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquiries, which to the best of their knowledge and belief the information contained in the 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 the Circular misleading.

This letter was issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the Refreshment of General Mandate.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons. Our conclusions are based on the results of our analyses taken as a whole.

I. Background of the Refreshment of General Mandate

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing General Mandate to allot and issue not more than 1,171,972,180 Shares (equivalent to 29,299,304 whole Consolidated Shares), being 20% of the entire issued share capital of the Company as at the date of passing of the relevant resolution at the AGM.

On 22 December 2015, VHL, the Company and the Placing Agent entered into the Placing and Subscription Agreement (the “**Placing**”). Upon completion of the Placing, 893,755,000 new Shares have been allotted and issued under the Existing General Mandate on 4 January 2016.

As a result of the Placing, the Existing General Mandate has been utilised as to approximately 76.26%. As at the Latest Practicable Date, the Company has not made any refreshment of the Existing General Mandate since the date of the AGM. If there is no Refreshment of General Mandate, only 278,217,180 new Shares (equivalent to 6,955,429 whole Consolidated Shares) may be further allotted and issued under the Existing General Mandate.

As stated in the Letter from the Board, the Directors would like to provide the Company sufficient flexibility to raise funds for its future business development and investment opportunities to be identified by the Company through equity financing. Given that the Existing General Mandate has been utilised as to approximately 76.26% as at the Latest Practicable Date, the Directors propose to seek approval of the Independent Shareholders for the Refreshment of General Mandate such that the Directors will be granted the authority to allot and issue new Shares up to 20% of the issued share capital of the Company as at the date of passing of such resolution at the EGM. Reference is also made to the Circular in relation to the proposed Share Consolidation, which is conditional upon (i) the passing of the relevant resolution to approve the proposed Share Consolidation by the Shareholders at the EGM; and (ii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Consolidated Shares. The proposed Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

As at the Latest Practicable Date, the Company had 6,753,615,900 Shares (equivalent to 168,840,397 whole Consolidated Shares) in issue. Subject to the passing of the ordinary resolution for Refreshment of General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM,

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the Company would be allowed to allot and issue up to 1,350,723,180 Shares (equivalent to 33,768,079 whole Consolidated Shares), being 20% of the total number of Shares in issue as at the date of the EGM (the “**New General Mandate**”).

The New General Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

II. Reasons for the Refreshment of General Mandate

The Company is an investment holding company and the Group is principally engaged in financial services business, securities business, property business, technology & media business as well as food & beverage business.

As set out in the Letter from the Board, the Company’s business plans, as stated in the Company’s interim results announcement for the six months ended 31 October 2015 (“**IR2015**”), include exploring and identifying suitable business and investment opportunities for the Group’s existing business divisions in financial services, property, technology & media as well as food & beverage. Discussions for these include but are not limited to those stated in the Company’s announcement dated 16 November 2015, in which the Company stated that it is engaged in preliminary discussions with potential independent third parties in relation to a possible transaction with a view to the Group making an investment in the technology & media industry; no agreement has been reached as to the terms of this or other potential investments, including but not limited to the consideration, timing and form of the investments. If this or other potential business or investment opportunities materialise, the Company will make arrangements for funding them from internal resources or from equity or debt financing.

As disclosed in IR2015, the Group recorded a turnaround from net loss of approximately HK\$2.4 million for the six months ended 31 October 2014 to net profit of approximately HK\$23.7 million for the six months ended 31 October 2015. As set out in IR2015, such turnaround was mainly due to (i) the increase in the revenue of approximately HK\$4.1 million, primarily resulted from the combined effects of the (a) increase in revenue generated from financial services business and technology & media business of approximately HK\$13.3 million in aggregate; and (b) decrease in revenue from food & beverage business of approximately HK\$7.3 million; (ii) the increase in other revenue and other net gains of approximately HK\$28.9 million, mainly resulted from the gain on disposal of subsidiaries of approximately HK\$29.5 million; and (iii) the increase in the fair value of investment properties of approximately HK\$6.7 million, the incremental effect on profit is being net off by the increase in cost of inventories of approximately HK\$5.1 million and other expenses of approximately HK\$10.3 million mainly resulted from a realised/unrealised loss from trading securities. As discussed with the Management, we understand that the gain from disposal of subsidiaries and the increase in the fair value of investment properties are one-off and non-recurring in nature. By excluding the one-off and non-recurring items, the Group would have recorded loss before taxation of approximately HK\$12.9 million for the six months ended 31 October 2015.

We noted from IR2015 that, as at 31 October 2015, the Group had cash and bank balances of approximately HK\$36.0 million, which is, as advised by the Management, currently intended to be reserved for general administrative expenses and other general working capital when the need arises. The Group also had short-term bank borrowings of approximately HK\$33.1 million as at 31 October 2015. Upon completion of the Placing, the Group received net proceeds amounted to approximately HK\$42.3 million which has been set aside for the use of general working capital purpose. As set out in the Letter from the Board, the net proceeds from the Placing are currently expected to be deployed or to be tentatively earmarked to be deployed within the approximately coming three months for funding the expansion of the Group’s existing business operations, including financial services, property, technology & media as well as food & beverage.

As set out in the Letter from the Board, as at the Latest Practicable Date, the Company has no imminent funding needs and has not yet formulated any concrete plan for raising capital by issuing new Shares under the proposed Refreshment of General Mandate and before the

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date of the next annual general meeting of the Company; however, if business and investment opportunities that are under discussion or that will be explored and identified do materialise, then, depending on factors that include, amongst others, the terms of the opportunity and the market conditions for fund raising, a possible placement of new Shares for fund raising or for issuance of consideration Shares for an investment could materialise after granting of the proposed Refreshment of General Mandate and before the date of the next annual general meeting of the Company.

We were further advised by the Management that the next annual general meeting is expected to be held in September 2016, which is around 8 months away from the Latest Practicable Date. We have also reviewed the cash flow forecast of the Group prepared by the Company for the 12 months ending 31 December 2016 and have not identified any imminent funding needs of the Group.

In light of (i) the Existing General Mandate has been utilised as to approximately 76.26% as at the Latest Practicable Date; (ii) the next annual general meeting is expected to be held in September 2016, which is around 8 months away from the Latest Practicable Date; (iii) the Group has been actively seeking for suitable business and investment opportunities as mentioned above; (iv) the current liquidity and cash position of the Group, in particular, the short-term bank borrowings of approximately HK\$33.1 million as at 31 October 2015 to be due within one year; and (v) the Refreshment of the General Mandate would be able to provide financial flexibility necessary for the Group's future business development and investment opportunities, we concur with the view of the Directors that the Refreshment of the General Mandate is in the interests of the Company and the Shareholders as a whole.

III. Other financing alternatives

As advised by the Directors, apart from the equity financing, the Company will also consider other financing alternatives such as debt financing, rights issue or open offer for any future financial needs, as and when appropriate, after taking into account the then financial position, capital structure, cost of funding of the Group and the prevailing market condition. However, debt financing such as bank borrowings may be subject to lengthy due diligence and negotiations with the banks which may take at least approximately one month. Furthermore, although rights issue and open offer would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, rights issue or open offer may also involve substantial time and cost to complete, which will involve, among others, (i) lengthy process to identify potential underwriters; (ii) the approval process of the relevant regulatory authority and other administrative procedures which take at least approximately 3 months to complete; (iii) substantial underwriting commission; and (iv) additional professional fees for preparing and reviewing the provisional allotment letters and liaising with the registrar of the Company, which will be depended on the size and nature of the fund raising. As such, the Company may not be able to grasp the potential opportunities in a timely manner as compared to equity financing through issuance of new Shares under the general mandate, which allows the Company to raise capital within specified number of Shares promptly as short as within one month as and when necessary.

Having considered that equity financing by means of utilising general mandate (i) does not incur any interest-paying obligations on the Group as compared with debt financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the flexibility and capability to capture any capital raising to satisfy the financial needs as and when it arises, the Directors consider that such ability is crucial in a competitive and rapidly changing business environment.

We were further advised by the Directors that they will consider the cost and the terms of the funding to decide the most appropriate means of financing in order to maximise the benefit to the Shareholders and will exercise due and careful consideration when choosing the best method of financing for the Company. Considering the fact that the Refreshment of General Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have higher degree of flexibility in deciding the financing method for its future business development in a promptly manner, we are of the view that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

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IV. Fund raising activities of the Company in the past twelve months

The following table summarises the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
22 December 2015	893,755,000 new Shares at HK\$0.0481 per Share issued on 4 January 2016 pursuant to the Placing and Subscription Agreement	HK\$42.3 million	General working capital of the Group	The net proceeds have not yet been utilised and are deposited in the Company's bank account as at the Latest Practicable Date

As confirmed with the Directors, the unutilised net proceeds of the Placing above will be used as intended as working capital of the Group. Apart from the fund raising activity as disclosed herein, the Directors confirmed that the Company has not conducted any other fund raising activity in the past twelve months immediately preceding the Latest Practicable Date.

V. Potential dilution to shareholdings of the public Shareholders

The table below set out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purpose, upon full utilisation of the New General Mandate (assuming no further Shares are issued or repurchased by the Company and upon the proposed Share Consolidation becoming effective):

Shareholders	As at the Latest Practicable Date		Upon full utilisation of the New General Mandate (assuming no further Shares are issued or repurchased by the Company and upon the proposed Share Consolidation becoming effective)	
	Number of Shares	Approximate%	Number of Consolidated Shares	Approximate%
– VHL (Note)	3,962,000,000	58.66	99,050,000	48.89
– Other public Shareholders	2,791,615,900	41.34	69,790,397	34.44
– Consolidated Shares to be issued under the New General Mandate	–	–	33,768,079	16.67
Total	6,753,615,900	100.00	202,608,476	100.00

Note:

Mr. Vong Tat Leong David (“Mr. Vong”), being an executive Director and the chief executive officer of the Company, is interested in 3,962,000,000 Shares through VHL. VHL is wholly-owned by Mr. Vong.

Assuming that (i) the Refreshment of General Mandate is approved at the EGM; (ii) no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the EGM (both dates inclusive); (iii) upon full utilisation of the New General Mandate; and (iv) upon the proposed Share Consolidation becoming effective, 33,768,079 Consolidated Shares are to be issued, representing 20% of the issued share capital as at the Latest Practicable Date and approximately 16.67% of the enlarged issued share capital of the Company as at the date of the EGM. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 41.34% to approximately 34.44%.

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Having considered the Refreshment of General Mandate (i) will provide alternative means for the Company to raise capital; (ii) will empower the Directors to issue new Shares as and when necessary, providing the Company the necessary financial flexibility to raise further capital should profitable investment opportunities arise and/or improving the liquidity position of the Group; and (iii) the fact that the shareholding of the Shareholders will be diluted proportionally to their respective shareholdings upon any utilisation of the New General Mandate, we consider such potential dilution to shareholdings of the existing public Shareholders to be justifiable.

OPINION AND RECOMMENDATION

Having considered the factors and reasons as mentioned above, we consider that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and also the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

Yours faithfully,
for and on behalf of
Titan Financial Services Limited

Eric Koo **Arthur Kan**
Managing Director *Executive Director*

Mr. Eric Koo is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in corporate finance.

Mr. Arthur Kan is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 14 years of experience in corporate finance.

NOTICE OF EXTRAORDINARY GENERAL MEETING

vongroup

VONGROUP LIMITED

黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of the shareholders of Vongroup Limited (the “Company”) will be held at Level 1, Dorsett Kwun Tong, Hong Kong, 84 Hung To Road, Kwun Tong, Kowloon, Hong Kong, on Friday, 5 February 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

“1. THAT:

subject to and conditional upon the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue or to be issued (the “Share Consolidation”):

- a. with effect from the day immediately following the date on which this resolution is passed, being a day on which shares are traded on the Stock Exchange, every forty ordinary shares of a par value of HK\$0.001 each in the issued and unissued share capital of the Company be consolidated into one share of a par value of HK\$0.04 (each a “Consolidated Share”), such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “Articles”); and
- b. the directors of the Company (the “Directors”) be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary, desirable or expedient to give effect to the foregoing arrangements for the Share Consolidation.”

“2. THAT:

- a. subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (“Shares”) in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which may require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- b. the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for Shares, which may require the exercise of such powers at any time during or after the end of the Relevant Period;
- c. The aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the

* for identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- d. for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; and
 - (3) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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

Hong Kong, 21 January 2016

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the offices of the Company’s Hong Kong Branch Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
4. Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
5. As at the date of this notice, the board of the Company comprises two executive Directors, namely: Vong Tat Ieong David and Xu Siping; and three independent non-executive Directors, namely: Fung Ka Keung David, Lam Lee G. and Wong Man Ngar Edna.