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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)

**DISCLOSEABLE TRANSACTION
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE IN RELATION TO
THE SUBSCRIPTION OF 29% OF THE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY**

THE SUBSCRIPTION

The Board is pleased to announce that on 26 September 2016, the Company and the Subscriber entered into the Subscription Agreement with the Target Company, pursuant to which the Subscriber has conditionally agreed to subscribe and the Target Company has conditionally agreed to issue and allot, 29% of the issued share capital of the Target Company at the consideration of HK\$29,000,000, which shall be satisfied by allotting and issuing of 23,349,436 Shares at the issue price of HK\$1.242 per Consideration Share upon Completion.

The Subscription is subject to fulfillment of the conditions precedent as detailed in the paragraph headed “Conditions Precedent” in this announcement. Upon Completion, the Target Company will become an associated company of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the transactions contemplated under the Subscription Agreement exceed 5% but are below 25%, the transactions contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Subscription, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date: 26 September 2016 (after trading hours)

Parties

Issuer: the Company

Subscriber: Vongroup Investment Holdings Limited

Target Company: Claman Global Limited

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

Assets to be acquired:

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe, and the Target Company has conditionally agreed to issue and allot, 29% of the issued share capital of the Target Company.

Consideration:

Pursuant to the terms of the Subscription Agreement, the Consideration of HK\$29,000,000 shall be satisfied by allotting and issuing of 23,349,436 Shares at the issue price of HK\$1.242 per Consideration Share upon Completion.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Subscriber and the Target Company, taking into account factors such as the global and local growth of financial technology services and products, and the Target Company group's market position in the financial technology industry including in relation to crowdfunding and technologies and services that seek to increase the efficiency of online financial transactions.

The Board considers 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.

Consideration Shares

The Consideration Shares are to be issued by the Company, and will be allotted and issued at the issue price of HK\$1.242 per Consideration Share, which represents:

- (i) a discount of approximately 19.87% to the closing price of HK\$1.550 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 13.99% to the average closing price of approximately HK\$1.444 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares up to and including the date of the Subscription Agreement.

The Consideration Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 33,768,079 Shares. Accordingly, the issue of the Consideration Shares is not subject to any further approval by the Shareholders.

The Consideration Shares represent approximately 13.83% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 12.15% of the Company's issued share capital as enlarged by the issue of the Consideration Shares.

An application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the existing Shares then in issue.

Adjustment to the Consideration

If the audited consolidated net profit of the Target Company for the next full financial year is less than HK\$10,000,000, there will be an adjustment to the Consideration, pursuant to which the Target Company shall pay to the Subscriber an amount equal to the Subscriber's pro rata share of such shortfall.

Completion

Completion shall take place on the Completion Date, on which all the conditions precedent of the Subscription Agreement have been fulfilled, or such later date, as the Subscriber and the Target Company may agree in writing. Upon Completion, the Target Company will become an associated company of the Group.

Conditions Precedent

Completion is subject to and conditional upon:

- (i) the listing committee of the Stock Exchange having granted or agreed to grant the listing of, and permission to deal in, the Consideration Shares; and
- (ii) the representations and warranties contained in the Subscription Agreement remaining true and accurate in all material respects.

Information on the Target Company

The Target Company is a company incorporated in the BVI with limited liability. The Target Company is primarily engaged in the financial technology industry including in relation to crowdfunding and technologies and services that seek to increase the efficiency of online financial transactions.

As the Target Company was incorporated as a holding company within the immediately preceding two financial years, the unaudited net consolidated loss of the Target Company for each of the immediately preceding two financial years is shown on a pro forma basis:

	Year ended 31 March	
	2016	2015
	HK\$	HK\$
	(unaudited)	(unaudited)
Loss before taxation and extraordinary items	313,235	402,901
Loss after taxation and extraordinary items	313,235	402,901

As of 31 March 2016, the unaudited pro forma consolidated net asset value of the Target Company was approximately HK\$348,000.

Reasons for and benefits of the Subscription

The Group is principally engaged in (i) financial services business, (ii) securities business, (iii) property business, (iv) technology & media business, and (v) food & beverage business.

It is the Company's strategy to review from time to time potential business opportunities and investments to enhance the Shareholders' value. The Group has been focusing on finding suitable investments that present development opportunities, as well as to enhance its income stream and to diversify its business in the financial services and technology & media sectors. The Subscription represents a continuation of the Company's stated strategy to grow its business organically and through investments, which is a strategy that the Company intends to continue. The Directors believe that the Subscription will provide a strong foothold for the Group to extend its businesses in the relatively fast-growing financial technology industry, encompassing both financial services businesses and technology & media businesses.

Taking into account the benefits of the Subscription, the Directors consider that the terms of the Subscription Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Effects on shareholding structure

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon Completion of the Subscription, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

Shareholders	As at the date of this announcement		Immediately after Completion	
	No. of shares	%	No. of shares	%
Vongroup Holdings Limited	99,050,000	58.66	99,050,000	51.54
The Target Company	-	-	23,349,436	12.15
Public Shareholders	69,790,397	41.34	69,790,397	36.31
Total	168,840,397	100.00	192,189,833	100.00

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the transactions contemplated under the Subscription Agreement exceed 5% but below 25%, the transactions contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Subscription, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the Board of Directors of the Company
“BVI”	British Virgin Islands
“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 Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the day of the Completion, which shall be the date on which the last of the conditions precedent under the Subscription Agreement has been fulfilled or such other date as the Subscriber and the Target Company may agree in writing
“connected person”	the meaning ascribed thereto in the Listing Rules
“Consideration”	the subscription price for the Subscription
“Consideration Shares”	23,349,436 Shares to be issued by the Company, as the consideration for the Subscription, to the Target Company in accordance with the terms and conditions of the Subscription Agreement
“Director”	a director of the Board of the Company
“General Mandate”	the general mandate granted at the extraordinary general meeting of the Company held on 5 February 2016
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share”	ordinary share of HK\$0.04 each in the share capital of the Company
“Shareholder”	holder of a Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Vongroup Investment Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	the subscription of 25% of the issued share capital of the Target Company by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 September 2016 entered into between the Company, the Subscriber and the Target Company in relation to the Subscription
“Target Company”	Claman Global Limited, a company incorporated in the BVI with limited liability
“%”	per cent

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

Hong Kong, 26 September 2016

As at the date of this announcement, the Board 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.

* *For identification purpose only*

Could not be reached prior to the issuance of this announcement