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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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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)**

**GENERAL MANDATES TO ISSUE NEW SHARES AND  
REPURCHASE SHARES, RE-ELECTION OF DIRECTORS,  
ADOPTION OF NEW SHARE OPTION SCHEME AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of the Company to be held at 2:30 p.m. on 30 September 2011 at The Domain, 3/F, Tower A, Manulife Financial Centre, 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong is set out in Appendix IV to this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the annual general meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the annual general meeting should you so wish.

\* *For identification purpose only*

31 August 2011

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:*

“AGM”	the annual general meeting of the Company to be held at 2:30 p.m. on 30 September 2011 at The Domain, 3/F, Tower A, Manulife Financial Centre, 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
“AGM Notice”	the notice convening the AGM as set out on pages 20 to 24 of this circular
“Articles”	the Articles of Association of the Company
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being
“Company”	Vongroup Limited, a company incorporated in the Cayman Islands with limited liability, with its Shares listed on the Stock Exchange
“Directors”	directors of the Company
“Eligible Person(s)”	executive directors, non-executive directors, officers and employee (whether full time or part-time) of the Company or a Subsidiary and any other groups or classes of suppliers, customers sub-contractors or agents of the Group from time to time determined by the Directors as having contributed or may contribute to the development and growth of the Group
“Existing Share Option Scheme”	the existing share option scheme which was adopted by the Company pursuant to the written resolutions of the Company on 15 September 2001
“General Issue Mandate”	the proposed general mandate granted to the Directors to exercise powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the issued share capital of the Company, as at the date of passing the resolution approving such mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	17 August 2011, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix I to this circular
“Option(s)”	option(s) to subscribe for Shares on terms determined by the Directors pursuant to the scheme and for the time being subsisting
“Option Holder(s)”	holder(s) of the Option(s)
“Repurchase Mandate”	the proposed general mandate granted to the Directors to exercise powers of the Company to purchase Shares up to a maximum of 10% of the issued share capital of the Company, as at the date of the passing of the resolution approving such mandate
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary of the Company within the meaning of Section 2 of the Companies Ordinance (Cap. 32) of the Laws of Hong Kong, whether incorporated in Hong Kong, the British Virgin Islands or elsewhere
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Vong Tat Ieong David  
*(Chief Executive Officer)*  
Mr. Xu Siping

*Independent Non-Executive Directors:*

Mr. Fung Ka Keung David  
Dr. Lam Lee G.  
Ms. Wong Man Ngar Edna

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place  
of business:*

17A, EGL Tower  
83 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

31 August 2011

*To the shareholders of the Company,*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES AND  
REPURCHASE SHARES, RE-ELECTION OF DIRECTORS,  
ADOPTION OF NEW SHARE OPTION SCHEME AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the grant of the General Issue Mandate and the Repurchase Mandate, the extension of the limit of the General Issue Mandate, the proposed re-election of Directors, the adoption of New Share Option Scheme and termination of Existing Share Option Scheme, and the notice of the AGM, and to seek your approval of such resolutions at the AGM.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### GENERAL ISSUE MANDATE

At the AGM, two ordinary resolutions will be proposed, respectively, (a) to grant to the Directors the General Issue Mandate to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the General Issue Mandate; and (b) to authorise an extension of the limit of the General Issue Mandate so granted by adding to it the aggregate nominal amount of the number of Shares which shall be repurchased by the Directors pursuant to the resolution on the Repurchase Mandate, if granted.

As at the Latest Practicable Date, the Company had an aggregate of 5,859,860,900 Shares in issue. Subject to the passing of the proposed ordinary resolution at the AGM for the approval of granting the General Issue Mandate to the Directors and on the basis that no Shares would be issued by the Company from the Latest Practicable Date up to the date of the next annual general meeting, the General Issue Mandate would allow the Directors to issue and allot up to a maximum of 1,171,972,180 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM.

Details of the General Issue Mandate and the extension of the General Issue Mandate are set out in ordinary resolutions A and C set out in item 4 of the AGM Notice, respectively.

### REPURCHASE MANDATE

At the AGM, an ordinary resolution will be proposed to grant to the Directors the Repurchase Mandate to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Repurchase Mandate until next annual general meeting of the Company or such earlier period as stated in the said ordinary resolution. Details of which are set out in ordinary resolution B set out in item 4 of the AGM Notice.

An explanatory statement, as required under the Listing Rules to provide the requisite information, of the Repurchase Mandate is set out in Appendix II to this circular.

### RE-ELECTION OF DIRECTORS

According to Article 87 of the Articles, Mr. Vong Tat Ieong David and Dr. Lam Lee G. shall retire at the AGM by rotation, and being eligible, will offer themselves for re-election.

Brief biographical details of such Directors and their interests in the Shares are provided in Appendix III to this circular.

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## LETTER FROM THE BOARD

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### ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 15 September 2001 and would expire on 14 September 2011. The Board proposed to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme. As at the Latest Practicable Date, no Option had been granted under the Existing Share Option Scheme. At present and up to the date on which the New Share Option Scheme comes into effect, the Company has no intention to grant further Options under the Existing Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Group to grant Options to selected Eligible Persons as incentive or rewards for their contribution to the Group.

Similar to the Existing Share Option Scheme, the New Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the Board may, at its discretion, fix any minimum period for which an Option must be held, any performance targets that must be achieved and/or any other conditions (including the subscription price) that must be fulfilled before an Option can be exercised.

The Directors consider that it is not appropriate to disclose the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of such value have not been determined at this stage. Such variables include but not limited to the exercise price, exercise period, lock-up period (if any). The Directors believe that any calculation based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

The New Share Option Scheme is conditional upon:

- (i) the passing of the ordinary resolution at the AGM approving the adoption of the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the New Share Option Scheme.

At the AGM, ordinary resolutions will be proposed for approving the adoption of the New Share Option Scheme and terminating of the Existing Share Option Scheme. Application will be made to the Listing Committee of the Stock Exchange for the approving of the listing of, and permission to deal in, the Shares to be issued pursuant to the New Share Option Scheme.

None of the Directors is a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix I to this circular. A copy of the rules of the New Share Option Scheme will be available for inspection at the registered office of the Company at 17A, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong, during normal business hours from the date hereof up to and including the date of AGM.

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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

If you are unable to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof if they so wish.

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders of listed issuers at a general meeting must be taken by way of poll and the listed issuers must announce the poll results in the prescribed manner. In compliance with the Listing Rules, the chairman of the AGM shall demand the resolutions to be put to vote by poll in the AGM and the Company will announce the poll results accordingly.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders will be required to abstain from voting on any resolutions to be approved at the AGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company 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.

### RECOMMENDATION

The Directors are of the opinion that the renewal of the general mandates to issue and repurchase Shares, and the extension of the general mandate to issue Shares as a result of repurchases of Shares, the re-election of Directors, adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are in the best interests of the Company and the Shareholders as a whole, and so recommend Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,  
For and on behalf of  
the Board of Directors of  
**Vongroup Limited**  
**Vong Tat Ieong David**  
*Executive Director*



*This Appendix summarise the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting the interpretation of the rules of the New Share Option Scheme.*

**(a) Purpose of the scheme**

The purpose of the New Share Option Scheme is to enable the Group to grant Options to selected Eligible Persons as incentive or rewards for their contribution to the Group.

**(b) Who may join**

The Directors may, at their absolute discretion, offer to an Eligible Person an Option to subscribe for Shares.

**(c) Maximum number of Shares**

- (i) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (ii) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of the passing of the ordinary resolution (the “General Scheme Limit”).
- (iii) Subject to (i) above and without prejudice to (iv) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit as “refreshed”, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option schemes of the Company) previously granted under the New Share Option Scheme and any other share option schemes of the Company will not be counted.
- (iv) Subject to (i) above and without prejudice to (iii) above, the Company may issue a circular to the Shareholders and seek separate Shareholders’ approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in (iii) above to Eligible Persons specifically identified by the Company before such approval is sought.

**(d) Maximum entitlement of each Eligible Person**

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding Options) to each Eligible Person in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the “Individual Limit”). Any further grant of Options to an Eligible Person in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant must be subject to the issue of a circular containing such information as required by the Listing Rules to the Shareholders and the Shareholders’ approval in general meeting of the Company with such Eligible Person and his associates abstaining from voting.

**(e) Grant of Options to connected persons**

- (i) Any grant of Options under the New Share Option Scheme to a Director, chief executive (other than a proposed director or a proposed chief executive of the Company) or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).
- (ii) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
  - (1) representing in aggregate over 0.1% of the Shares in issue; and
  - (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000;

such further grant of Options must be approved by the Shareholders. The Company must send a circular containing such information as required by the Listing Rules to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. Any change in the terms of the Options granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates must be approved by the Shareholders in the general meeting.

**(f) Time of acceptance and exercise of an Option**

An offer of grant of an Option may be accepted by an Eligible Person within 21 days from the date of the offer of grant of the Options. A consideration of HK\$1 is payable on acceptance of the offer of grant of an Option.

An Option shall be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the day on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date the Board makes an offer of the grant of an Option subject to the provisions for early termination thereof. Directors have discretion to impose a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto on case by case basis.

Unless the Directors otherwise determined and stated in the offer of the grant of Options to an Eligible Person, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised.

**(g) Performance targets**

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a grantee, a grantee is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised. Directors have discretion to impose the performance targets restriction on case by case basis.

**(h) Subscription price for Shares**

The subscription price for Shares under the New Share Option Scheme shall be a price determined by the Directors, but shall not less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. Without prejudice to the generality of the foregoing, the Directors may grant Options in respect of which the subscription price is fixed at difference prices for different periods during the Option period provided that the subscription price for Shares for each of the different periods shall not be less than the subscription price determined in the manner set out herein.

**(i) Ranking of Shares**

(1) Shares allotted upon the exercise of an Option will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when

the name of the grantee is registered on the register of members of the Company provided always that when the date of exercise of the Options falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the grantee as the holder thereof.

- (2) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, reclassification or reduction of the share capital of the Company from time to time.

**(j) Restrictions on the time of grant of Options**

No offer for grant of Options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published by the Company. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Directors (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s interim or annual results, and (ii) the last date on which the Company must publish its interim or annual results announcement under the Listing Rules, and ending on the date of the results announcement, no Option may be granted.

**(k) Period of the New Share Option Scheme**

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date which the New Share Option Scheme becomes unconditional.

**(l) Rights on ceasing employment**

If the grantee of an Option is an Eligible Person and ceases to be an Eligible Person for any reason other than death or serious misconduct or other grounds referred to in sub-paragraph (n) below before exercising his Option in full, the Option (to the extent which has become exercisable and not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group whether salary is paid in lieu of notice or not.

**(m) Rights on death**

If an Option Holder ceases to be an Eligible Person by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment under sub-paragraph (n) below arises prior to his or her death), the legal personal representative of this grantee shall be entitled within a period of 6 months from the date of death (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

**(n) Rights on dismissal**

If an Option Holder is an Eligible Person and ceases to be an Eligible Person by reason that he has been guilty of misconduct or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the eligible employee's service contract with the Company or the relevant Subsidiary, his or her Option will lapse automatically on the date the grantee ceases to be an eligible employee.

**(o) Rights on breach of contract**

If the Directors at their absolute discretion determine that the grantee of any Option (other than an eligible employee) or his or her associate has committed any breach of any contract entered into between the grantee or his or her associate on the one part and the Group on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the grantee shall lapse. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

**(p) Rights on a general offer**

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his or her Option (to the

extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer). Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

**(q) Rights on winding up**

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the option period, every Option Holder may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than two business days prior to the date on which such resolution is to be passed, exercise his or her Option (to the extent which has become exercisable and not already exercised) either to its full extent specified in such notice in accordance with the provisions of the New Share Option Scheme and shall accordingly be entitled in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the date prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the wind-up of the Company.

**(r) Rights on compromise or arrangement between the Company and its creditors**

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Option Holders on the same day as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and thereupon any Option Holder (or his or her legal representative (s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the court be entitled to exercise his or her Option (to the extent which has become exercisable and not already exercised), but the exercise of an Option shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. The Company may thereafter require all Option Holders to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option in these circumstances so as to place the Option Holder in the same position as nearly as may be would have been the case had such Shares been subject to such compromise or arrangement. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date the proposed compromise or arrangement becomes effective.

**(s) Adjustments of the subscription price or other terms**

In the event of a capitalisation issue of profits or reserves, right issue, consolidation or sub-division or reduction of capital of the Company whilst an Option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable and at the same time satisfy with the requirements of the Listing Rules will be made to the number of Shares and/or the subscription price for Shares subject to Option already granted; and/or the maximum number of Shares subject to the New Share Option Scheme provided (i) any adjustments shall give an Option Holder the same proportion of the issued share capital to which he was entitled prior to such adjustment; (ii) no adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such adjustment will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, the Company's auditors or independent financial adviser must confirm to the Directors in writing that the adjustment satisfy the requirements of the relevant provision of the Listing Rules.

**(t) Cancellation of Options**

Any cancellation of Options granted but not exercised must be approved by the Board and the Shareholders in general meeting, with the relevant grantees and their associates abstaining from voting.

Where the Company cancels Options and issues new ones to the same grantee, the issue of such new options may only be made under the New Share Option Scheme and any other share option schemes of the Company with available unissued options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in note (1) to Rule 17.03 (3) of the Listing Rules.

**(u) Termination of the New Share Option Scheme**

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

**(v) Rights are personal to the grantee**

An Option is personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such grantee.

**(w) Lapse of Option**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period referred to in paragraph (f);
- (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q), and (r); and
- (iii) the date on which a breach of the provision of restriction on transfer and assignment of an Option referred to in paragraph (v) is committed.

**(x) Others**

- (i) The terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the Options except with the prior approval of the Shareholders in general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.



*The following is the explanatory statement required by the Listing Rules concerning the regulation of purchase by companies of their own securities on the Stock Exchange to provide requisite information to Shareholders for their consideration of the proposal to approve the Repurchase Mandate.*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,859,860,900 Shares.

Subject to the passing of the Repurchase Mandate, and on the basis that no further shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase up to 585,986,090 Shares during the course of the period from the AGM to the earliest of (i) the date of the 2011 Annual General Meeting; (ii) the date by which the next Annual General Meeting of the Company is required to be held by law; and (iii) the date upon which such authority is revoked or varied.

## **2. REASONS FOR THE REPURCHASE**

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from its Shareholders to enable the Directors to repurchase Shares of the Company in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchase of Shares will benefit the Company and its Shareholders.

## **3. FUNDING OF REPURCHASES**

Repurchases of Shares will be funded entirely from funds legally available for such purpose in accordance with its Articles, the Listing Rules and the applicable laws of the Cayman Islands.

If the Repurchase Mandate were to be exercised in full, there might be a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position disclosed in the audited accounts of the Company for the year ended 30 April 2011. However, the Directors do not intend to make any repurchases to such an extent as would, in circumstances, have a material adverse effect on the working capital requirements or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

## **4. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of the Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the Articles.

None of the Directors nor, to the best of their knowledge and belief, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the AGM and exercised.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

## 5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain consolidate control of the Company and, depending on the level of increase of the Shareholder's interest, may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company upon full exercise of the Repurchase Mandate are set out below:

	As at the Latest Practicable Date		Immediately after full exercise of the Repurchase Mandate	
	Number of issued Shares held	Approximate percentage of issued share capital of the Company	Number of issued Shares held (Note (2))	Approximate percentage of issued share capital of the Company (Note (2))
<b>Controlling Shareholder</b>				
Vongroup Holdings Limited (Note (1))	3,962,000,000	67.61%	3,962,000,000	75.13%
<b>Other Shareholders and public</b>	1,897,860,900	32.39%	1,311,874,810	24.87%
	<u>5,859,860,900</u>	<u>100.00%</u>	<u>5,273,874,810</u>	<u>100.00%</u>

Notes:

- (1) Vongroup Holdings Limited is legally and beneficially owned by Mr. Vong Tat Ieong David, a Director.
- (2) Assuming that (i) the issued share capital of the Company remained at 5,859,860,900 Shares immediately before the full exercise of the Repurchase Mandate; and (ii) the shareholdings of the controlling shareholder as set out in the above table remained unchanged immediately before the full exercise of the Repurchase Mandate. On this basis, the total issued share capital of the Company immediately after the full exercise of the Repurchase Mandate would be 5,273,874,810 Shares.

If the Repurchase Mandate is exercised in full, the shareholding of Vongroup Holdings Limited will increase to approximately 75.13%. Such increase in shareholding will not give rise to an obligation to make a conditional mandatory offer under the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such extent as would result in (a) the number of shares in the hands of public falling below the prescribed minimum percentage of 25% under Rule 8.08 of the Listing Rules; and (b) a requirement of the above shareholder to make a mandatory offer under the Takeovers Code.

Despite the aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances, which they deem appropriate for the benefits of the Company and the Shareholders as a whole.

## 6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve calendar months prior to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2010</b>		
August	0.127	0.091
September	0.140	0.093
October	0.120	0.102
November	0.115	0.085
December	0.093	0.088
<b>2011</b>		
January	0.092	0.073
February	0.083	0.053
March	0.077	0.054
April	0.074	0.060
May	0.066	0.052
June	0.058	0.044
July	0.055	0.041
August (up to the Latest Practicable Date)	0.045	0.031

## 7. SHARE PURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its shares (whether in the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

The details of the Directors who will retire from their offices at the AGM and, being eligible, will offer themselves for re-election, are set out below:

Mr. Vong Tat Jeong, David (“Mr. Vong”), aged 49, has been a director of the Company since 2005 and serves as the Chief Executive Officer of the Company. Mr. Vong has acquired and run public companies, and made and advised on cross-border mergers and acquisitions, involving capital markets and private equity, for over 20 years. He was formerly Vice Chairman of the Board of Directors of CITIC 21CN Company Limited, a company listed on the Stock Exchange, from 2003-2004. Before that, he was Director and Deputy Chief Executive of i100 Limited, a company listed on the Stock Exchange, since he co-founded the i100 Group in 2000 with an international consortium whose key participants included management and leading institutional investors. Prior to that, he was Chief Executive at Pollon Infrastructure Corporation, an infrastructure investment holding company focused on power and telecom assets in the PRC, since 1997. Mr. Vong is a graduate of Yale Law School and The London School of Economics and Political Science.

Mr. Vong does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed, Mr. Vong did not hold other directorships in any listed companies in the past 3 years.

Mr. Vong has an employment contract with a subsidiary of the Group commencing on 3 September 2005, which will continue thereafter unless and until terminated by either party giving not less than one month’s notice in writing or until terminated by mutual consent. Pursuant to the employment contract, he is entitled to a salary of HK\$6,000,000 per annum. His remuneration is based on his contribution to the Group, his duties and responsibilities with the Group, his experiences and prevailing market benchmarks. Mr. Vong has elected to waive part of his entitled compensation under the employment contract for the year ended 30 April 2011.

Mr. Vong is interested in 3,962,000,000 ordinary shares of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO.

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Dr. Lam Lee G. (“Dr. Lam”), aged 52, has been an Independent Non-executive Director of the Company since 2005. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in law from the University of Wolverhampton in the U.K., and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 years of multinational general management, strategy consulting, corporate governance, investment banking, and direct investment experience. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province

Committee of the Chinese People's Political Consultative Conference (and a former Specially-invited Member of the Zhejiang Province Committee), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Member of the Chief Executives Organization, a Fellow of the Hong Kong Institute of Directors, a Fellow of the Hong Kong Institute of Arbitrators, a Member of the General Committee and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a Vice President of the Hong Kong Association for the Advancement of Real Estate and Construction Technology, a founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, and a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing. He is Chairman of the Company's Audit Committee and Remuneration Committee.

Dr. Lam does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed, Dr. Lam did not hold other directorships in any listed companies in the past 3 years.

There is no service contract signed between the Company and Dr. Lam. The Director's fee payable to Dr. Lam for the financial year ended 30 April 2011 is HK\$150,000 per annum. His remuneration is based on his experiences and prevailing market benchmarks.

Dr. Lam does not have any interest (within the meaning of Part XV of the SFO) in the shares of the Company.

#### **GENERAL**

Save for the information as disclosed in the Company's announcement dated 17 April 2009, such Directors received no other compensation from the Group and there is no information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

# vongroup

## VONGROUP LIMITED

### 黃河實業有限公司\*

(incorporated in the Cayman Islands with limited liability)  
(Stock Code: 318)

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Vongroup Limited (the “Company”) will be held at 2:30 p.m. on 30 September 2011 at The Domain, 3/F, Tower A, Manulife Financial Centre, 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong for the purpose of considering and, if thought fit, the following resolutions which will be proposed as ordinary resolutions:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the Auditors for the year ended 30 April 2011;
2. To re-elect the retiring Directors and to authorise the Board of Directors to fix the remuneration of the Directors;
3. To re-appoint CCIF CPA Limited as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions:

A. **“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;

\* For identification purpose only

- (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 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:
- (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 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).”

**B. “THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (“Shares”) in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, the meaning of “Relevant Period” means the period from the date of the passing of this resolution until whichever is 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 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;”
- C. “**THAT** conditional on the passing of Resolutions A and B set out in item 4 of the notice convening this meeting, the general mandate granted to the Directors pursuant to Resolution A set out in item 4 of the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted pursuant to Resolution B set out in item 4 of the notice convening this meeting, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution.”
- D. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, shares of the Company to be issued pursuant to the exercise of any options under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the Chairman thereof, the New Share Option Scheme be and is hereby approved and adopted and the Directors of the Company be and are authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme.”
- E. “**THAT** conditional upon the passing of the resolution set out as Resolution 4D, the share option scheme adopted by the Company on 15 September 2001 be terminated with effect from the date on which the New Share Option Scheme shall become unconditional and effective.”
5. To transact any other business of the Company.

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

Hong Kong, 31 August 2011

*Notes:*

- i. 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.
- ii. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
- iii. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an explanatory statement containing further details regarding Resolution B set out in item 4 of this notice is set out in Appendix II to the circular to shareholders of the Company.
- iv. 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.
- v. 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.