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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)*

**MAJOR TRANSACTION INVOLVING DISPOSAL OF THE ENTIRE ISSUED SHARE  
CAPITAL OF THE TARGET COMPANY**

The Board wishes to announce that on 20 April 2015 (after trading hours), the Vendor entered into a sale and purchase agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of the Target Company, subject to the terms and conditions contained therein, for the Consideration of HK\$500,000 in cash (subject to post-Completion adjustment).

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

Pursuant to the Listing Rules, Shareholders' approval is required for a major transaction. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, written Shareholders' approval has been obtained in accordance with Rule 14.44 of the Listing Rules. After having obtained this written Shareholders' approval, a general meeting for the approval of the Disposal will not be convened.

The Company expects that a circular containing, among others, details of the Disposal and other information that is required under Rule 14.41(a) of the Listing Rules will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of certain conditions precedent, and there is no assurance that the Disposal will be completed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

**THE DISPOSAL**

The Board wishes to announce that on 20 April 2015 (after trading hours), the Vendor entered into the SPA with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share subject to terms contained therein for the Consideration of HK\$500,000 in cash (subject to post-Completion adjustment).

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

20 April 2015

### **Parties**

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

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

### **Sale Share to be disposed**

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

### **Consideration**

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

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

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

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

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

### **Completion**

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

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

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

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

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

## **USE OF PROCEEDS**

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

## **INFORMATION ON THE TARGET COMPANY**

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

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

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

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

## **INFORMATION ON THE GROUP**

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

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

## **INFORMATION ON THE PURCHASER**

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

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

## **FINANCIAL EFFECT OF THE DISPOSAL**

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

For illustrative purposes, assuming that Completion took place on 31 October 2014, based on the unaudited financial information of the Target Group as at 31 October 2014, it is expected that the Group would recognise a gain of approximately HK\$27,372,000 (subject to post-Completion adjustments) as a result of the Disposal, being the difference between the aforesaid estimated net proceeds from the Disposal (subject to post-Completion adjustments) and the carrying value of the Group's interest in the Target Group as at 31 October 2014.

The above financial effects are provided for illustrative purposes only. The actual gain or loss as a result of the Disposal to be eventually recorded by the Group is subject to audit of, among others, the carrying value of the Target Company as of the Completion Date and the post-Completion adjustment, which will be assessed after Completion, and therefore may be different from the illustrative amount mentioned above.

## **LISTING RULES IMPLICATIONS**

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

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

The Company expects that a circular containing, among others, details of the Disposal and other information that is required under Rule 14.41(a) of the Listing Rules will be despatched to Shareholders as soon as is practicable in accordance with the Listing Rules.

## GENERAL

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of certain conditions precedent, and there is no assurance that the Disposal will be completed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Board”	the Board of Directors of the Company
“Company”	Vongroup Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms of the SPA
“Completion Date”	the day of Completion, which shall be the date on which the last of the conditions precedent under the SPA has been fulfilled or such other date as the Vendor and the Purchaser may in writing agree
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	HK\$500,000, subject to post-Completion adjustment, being the consideration for the sale and purchase of the Sale Share in accordance with the SPA
“Director”	director of the Company for the time being
“Disposal”	the sale of the Sale Share by the Company to the Purchaser pursuant to the SPA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	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
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Sale Share”	the 1 issued share of US\$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the SPA
“Share”	ordinary share of HK\$0.001 each in the share capital of the Company
“Shareholder”	holder of any Share
“SPA”	the sale and purchase agreement dated as of 20 April 2015 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Kamboat China Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiary

By Order of the Board  
**Vongroup Limited**  
Tsui Siu-hung Raymond  
*Company Secretary*

Hong Kong, 20 April 2015

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

\* *For identification purpose only*

# *Could not be reached prior to the issuance of this announcement*