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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)*

### PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

Placing Agent



FP Sino-Rich Securities & Futures Limited

On 22 December 2015, after trading hours, the Vendor, the Company and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which (i) the Placing Agent has agreed to act as agent to place, on a best efforts basis, and the Vendor has agreed to sell, up to a total of 1,000,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of and not acting in concert (as defined under the Takeovers Code) with the Vendor, the Company and their respective associates and connected persons, at the Placing Price of HK\$0.0481 per Placing Share; and (ii) the Vendor has agreed to subscribe for up to 1,000,000,000 Subscription Shares at the Subscription Price of HK\$0.0481 per Subscription Share.

The maximum number of Placing Shares represent (i) approximately 17.06% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription is conditional upon, among others, (i) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing.

The maximum gross proceeds from the Subscription will be HK\$48,100,000. The maximum net proceeds from the Subscription will be approximately HK\$47,200,000 which is intended to be used for general working capital of the Group. The net proceeds raised per Subscription Share will be approximately HK\$0.0472.

**Completion of the Placing and the Subscription is subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AND SUBSCRIPTION AGREEMENT**

**Date:** 22 December 2015 (after trading hours)

**Parties:** (1) the Vendor;  
(2) the Company; and  
(3) FP Sino-Rich Securities & Futures Limited, as the Placing Agent

### **The Placing Agent**

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries:

- (a) the Placing Agent and its beneficial owners are independent of and not connected to and not acting in concert with the Vendor, its associates or any persons acting in concert with it; and
- (b) the Placing Agent and its beneficial owners are independent of and not connected with and not acting in concert with the Company, the Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

### **The Placing and the Subscription**

The Placing Agent has agreed to place, on a best efforts basis, the Placing Shares at the Placing Price and will receive a placing commission of 1.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares. The placing commission was arrived at after arm's length negotiation between the Company, the Vendor and the Placing Agent.

Each of the Placees and its ultimate beneficial owner will be, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, independent of and not connected with the Vendor, the Company and their respective associates and connected persons, and will not be acting in concert with the Vendor (or parties acting in concert with it) or associates.

Pursuant to the Placing and Subscription Agreement, the Vendor agreed to place, through the Placing Agent, up to 1,000,000,000 Placing Shares to the Placees at a price of HK\$0.0481 per Placing Share and the Vendor will subscribe for the same number of Subscription Shares at a price of HK\$0.0481 per Subscription Share.

Details of the Placing and the Subscription are set out below.

## **THE PLACING**

### **The Placees**

The Placing Agent agreed to place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons. It is not expected that any individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event any of the Placees becomes a substantial shareholder after completion of the Placing, further announcement will be made by the Company.

### **The Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing and the Subscription, the maximum number of 1,000,000,000 Placing Shares under the Placing represents (i) approximately 17.06% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Rights of Placing Shares**

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid on or after the Placing Completion Date.

### **Placing Price**

The Placing Price of HK\$0.0481 represents:

- (i) a discount of approximately 8.56% to the average closing price of HK\$0.0526 per Share in the last 5 trading days immediately prior to the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 19.83% to the closing price of HK\$0.0600 per Share on the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Vendor, the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

## **Placing Commission and Expenses**

The Company will be responsible for the placing commission of 1.5% of the aggregate Placing Price of the Placing Shares, all Hong Kong stamp duty, brokerage, trading fee, transaction levy chargeable to the Vendor in relation to the Placing, any and all fees payable to the Stock Exchange and SFC, all charges, fees and expenses of the Company's branch share registrar in Hong Kong, and all legal and other fees and other expenses. Such costs, fees and expenses will, to the extent borne ultimately by the Vendor, be borne by the Company.

## **Completion of the Placing**

The Placing is expected to take place on the Placing Completion Date.

## **THE SUBSCRIPTION**

### **The Subscription Shares**

The Vendor has agreed to subscribe for the same number of Subscription Shares as the number of Placing Shares that are placed, up to 1,000,000,000 Subscription Shares, assuming 1,000,000,000 Placing Shares are placed, representing up to in aggregate, (i) approximately 17.06% of the existing issued share capital of the Company; and (ii) approximately 14.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares will rank, when fully paid, pari passu in all respects with the Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription.

### **Subscription Price**

The Subscription Price is equal to the Placing Price, which was determined on an arm's length basis between the Company and the Vendor with reference to the Placing Price.

The Directors consider that the Subscription Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Subscription**

The Subscription is conditional upon:

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and
2. the Completion of the Placing in accordance with the terms of the Placing and Subscription Agreement.

## **Completion of the Subscription**

Completion of the Subscription, in any event, will take place on the Business Day next following the fulfillment of all the conditions of the Subscription have been satisfied.

Under Rule 14A.92(4)(a)(ii) of the Listing Rules, the Subscription must be completed on or before 14 days after the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders (being Shareholders other than the Vendor, its ultimate beneficial owners and their respective associates).

## **General Mandate to issue the Subscription Shares**

The issue of the Subscription Shares is not subject to further Shareholders' approval.

The Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM, subject to the limit of 1,171,972,180 Shares (representing 20% of the number of Shares in issue on the date which the General Mandate was granted). The maximum 1,000,000,000 Subscription Shares to be allotted and issued will utilise approximately 85.33% of the General Mandate.

**Completion of the Placing and the Subscription is subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider the Placing and the Subscription represents an opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base.

The maximum aggregate gross and net proceeds from the Subscription will be HK\$48,100,000 and approximately HK\$47,200,000, respectively. The Company intends to utilise the net proceeds from the Subscription for general working capital of the Group. The net proceeds raised per Share upon completion of the Subscription will be approximately HK\$0.0472.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities involving the issue of its securities in the past 12 months immediately from the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon the completion of the Placing and the Subscription are set out as below (in each case, assuming that the maximum number of 1,000,000,000 Placing Shares are placed, and that the maximum number of 1,000,000,000 Subscription Shares are allotted and issued):

| Shareholders              | As at the date of this announcement |            | Immediately after the Placing but before the Subscription |            | Immediately after Subscription |            |
|---------------------------|-------------------------------------|------------|---|------------|--------------------------------|------------|
|                           | No. of shares                       | %          | No. of shares   | %          | No. of shares                  | %          |
| The Vendor                | 3,962,000,000                       | 67.61      | 2,962,000,000   | 50.55      | 3,962,000,000                  | 57.76      |
| Placees under the Placing | -                                   | -          | 1,000,000,000   | 17.06      | 1,000,000,000                  | 14.57      |
| Public Shareholders       | 1,897,860,900                       | 32.39      | 1,897,860,900   | 32.39      | 1,897,860,900                  | 27.67      |
| <b>Total</b>              | <b>5,859,860,900</b>                | <b>100</b> | <b>5,859,860,900</b>                                      | <b>100</b> | <b>6,859,860,900</b>           | <b>100</b> |

## GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

## DEFINITIONS

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

|                    |   |
|--------------------|---|
| “AGM”              | the annual general meeting of the Company held on 29 September 2015   |
| “associate”        | the meaning ascribed thereto in the Listing Rules   |
| “Board”            | the Board of Directors of the Company   |
| “Business Day”     | any day on which the Stock Exchange is open for securities dealings   |
| “Company”          | Vongroup Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Stock Exchange   |
| “connected person” | the meaning ascribed thereto in the Listing Rules   |
| “Director”         | director of the board of the Company  |
| “Group”            | the Company and its subsidiaries  |
| “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 |
| “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 Committee”                  | the listing committee of the Stock Exchange   |
| “Listing Rules”                      | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Placee”                             | any individual, institutional and other professional investor or any of their respective subsidiaries or associates (including the Placing Agent itself) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement |
| “Placing Agent”                      | FP Sino-Rich Securities & Futures Limited, a licensed corporation to carry on businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO   |
| “Placing and Subscription Agreement” | the Placing and Subscription agreement entered into among the Vendor, the Company and the Placing Agent dated 22 December 2015 in relation to the Placing and the Subscription  |
| “Placing Completion Date”            | 30 December 2015, or such other date as may be agreed between the parties to the Placing and Subscription Agreement   |
| “Placing Price”                      | HK\$0.0481 per Placing Share  |
| “Placing Share”                      | each of up to 1,000,000,000 existing Shares to be placed pursuant to the Placing and Subscription Agreement   |
| “SFC”                                | The Securities and Futures Commission   |
| “SFO”                                | 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  |
| “Shareholder”                        | holder of a Share   |
| “Stock Exchange”                     | The Stock Exchange of Hong Kong Limited   |
| “Subscription”                       | the subscription of the Subscription Shares by the Vendor at the Subscription Price pursuant to the Placing and Subscription Agreement  |
| “Subscription Price”                 | HK\$0.0481 per Subscription Share   |
| “Subscription Share”                 | each of up to 1,000,000,000 new Shares to be allotted and issued by the Company to the Vendor pursuant to the Placing and Subscription Agreement  |

|                  |   |
|------------------|---|
| “Takeovers Code” | Hong Kong Code on Takeovers and Mergers   |
| “Vendor”         | Vongroup Holdings Limited, a limited company incorporated in the British Virgin Islands |
| “%”              | per cent  |

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

Hong Kong, 22 December 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Vong Tat Ieong David and Xu Siping<sup>#</sup>; 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*