Vongroup Limited
黃河實業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2011

The board of directors (the "Directors") of Vongroup Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2011 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2011 HK$'000	2010 HK$'000
Turnover	4	**43,833**	102,784
Other revenue	4	**1,766**	3,564
Other net income	4	**14,316**	17,314
Cost of inventories consumed		**(14,347)**	(33,867)
Cost of forfeited collateral sold		**(295)**	(121)
Staff costs		**(17,571)**	(37,900)
Operating lease rentals		**(7,557)**	(16,584)
Depreciation and amortisation		**(1,977)**	(2,901)
Other expenses		**(35,006)**	(46,510)
Change in fair value of investment properties	10	**6,786**	7,043
Loss from operations	5	**(10,052)**	(7,178)
Finance costs	6	**(271)**	(141)
Share of profit of a jointly-controlled entity		**40**	136
Loss before taxation		**(10,283)**	(7,183)
Income tax	7(a)	**(280)**	(757)
Loss for the year		**(10,563)**	(7,940)
Other comprehensive income/(expense)			
Exchange differences arising on translation of foreign operations, with no income tax effect		**620**	(21)
Total comprehensive expense for the year		**(9,943)**	(7,961)

	Note	**2011** *HK$'000*	2010 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(7,674)**	(6,507)
Non-controlling interests		**(2,889)**	(1,433)
		(10,563)	(7,940)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(7,054)**	(6,528)
Non-controlling interests		**(2,889)**	(1,433)
		(9,943)	(7,961)
Loss per share			
– Basic and diluted	*9*	**(HK$0.0013)**	(HK$0.0011)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30/4/2011**	30/4/2010	1/5/2009
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment		**7,678**	13,852	16,114
Lease premium for land		**1,414**	1,375	1,406
Investment properties	*10*	**99,720**	63,940	45,500
Goodwill		**8,988**	8,988	8,988
Interest in a jointly-controlled entity		**1,896**	2,216	2,080
Rental and utility deposits		**–**	–	5,201
Deposits paid for acquisition of property, plant and equipment and investment properties		**2,224**	1,761	5,264
Available-for-sale investments		**21,834**	21,414	635
		143,754	113,546	85,188
Current assets				
Lease premium for land		**33**	31	31
Inventories		**9,678**	10,951	11,121
Forfeited collateral held for sale		**217**	203	164
Accounts receivable	*11*	**489**	451	518
Moneylending loan receivables		**14,655**	11,973	1,824
Deposits, prepayments and other receivables		**14,661**	9,872	10,847
Amount due from a jointly-controlled entity		**267**	227	178
Financial assets at fair value through profit or loss		**46,683**	42,789	20,349
Cash and cash equivalents		**197,198**	235,223	291,525
		283,881	311,720	336,557
Current liabilities				
Accounts payable	*12*	**978**	3,456	7,308
Accruals and deposits received		**27,928**	20,193	14,374
Tax payables	*7(b)*	**21,414**	20,247	19,561
Finance lease payable – current portion		**–**	234	270
Bank borrowings		**27,797**	15,337	4,187
Amount due to a director		**–**	–	830
		78,117	59,467	46,530
Net current assets		**205,764**	252,253	290,027

	Note	**30/4/2011**	30/4/2010	1/5/2009
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Total assets less current liabilities		**349,518**	365,799	375,215
Non-current liabilities				
Other payables		**–**	–	760
Finance lease payable – long-term portion		**–**	–	234
Deferred tax liabilities		**591**	591	591
		591	591	1,585
NET ASSETS		**348,927**	365,208	373,630
CAPITAL AND RESERVES				
Share capital		**5,860**	5,860	5,864
Reserves		**343,067**	350,121	357,106
		348,927	355,981	362,970
Non-controlling interests		**–**	9,227	10,660
TOTAL EQUITY		**348,927**	365,208	373,630

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

(b) Basis of preparation

The consolidated financial statements for the year ended 30 April 2011 comprise the Company and its subsidiaries and the Group's interest in a jointly-controlled entity.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost convention, except for the available-for-sale financial assets, investment properties and financial assets at fair value through profit or loss that have been measured at fair value.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (revised 2008)	Business Combinations
HK-Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of the other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009

HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as lease premium for land in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 May 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from lease premium for land to property, plant, and equipment retrospectively.

The effect of the adoption of the amendments to HKAS 17 is as follows:

	30 April 2011 *HK$'000*	30 April 2010 *HK$'000*	1 May 2009 *HK$'000*
Decrease in lease premium for land	**(3,067)**	(3,890)	(3,994)
Increase in property, plant and equipment	**3,067**	3,890	3,994

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Amendments to HKAS 32, Classification of Rights Issues

The amendments to HKAS 32 titled Classification of Rights issues address the classification of certain right issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

Hong Kong Interpretation 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK (Int) 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK (Int) 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK (Int) 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK (Int) 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank borrowings that contain a repayment on demand clause with the aggregate carrying amounts of approximately HK$12,878,000 and HK$3,329,000 have been reclassified from non-current liabilities to current liabilities as at 30 April 2010 and 1 May 2009 respectively. The application of HK (Int) 5 has had no impact on the reported profit or loss for the current and prior years.

The effect of the adoption of the amendments to HK (Int) 5 is as follows:

	30 April 2011	30 April 2010	1 May 2009
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Increase in bank borrowings	**25,131**	12,878	3,229
Non-current liabilities			
Decrease in bank borrowings	**(25,131)**	(12,878)	(3,229)

Such bank borrowings have been presented in the earliest time band in the maturity analysis for financial liabilities.

Summary of the effects of the above changes in accounting policies on the consolidated statement of financial position

The effects of the above changes in accounting policies on the consolidated statement of financial position as at 1 May 2009 and 30 April 2010 are as follows:

	As at 1/5/2009 (originally stated)	Adjustments	As at 1/5/2009 (restated)	As at 30/4/2010 (originally stated)	Adjustments	As at 30/4/2010 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	12,120	3,994	16,114	9,962	3,890	13,852
Lease premium for land	5,431	(3,994)	1,437	5,296	(3,890)	1,406
Bank borrowings – current	858	3,329	4,187	2,459	12,878	15,337
Bank borrowings – non-current	3,329	(3,329)	–	12,878	(12,878)	–

3. SEGEMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information is reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

The Group has presented the segment information by the following categories. These segments are managed separately.

1. Financial services: Consumer finance, moneylending, other financial/business services and related activities

2. Securities: Securities and related activities

3. Property: Real property and related activities

4. Technology & Media: Smart-card financial services, other technology & media and related activities

5. Food & Beverage: Catering services, other food & beverage businesses and related activities

(a) Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the revenue, results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment assets principally comprise all tangible assets and intangible assets directly attributable to each segment. Segment liabilities include trade creditors, accruals and deposits received attributable to each segments and finance lease payable and bank borrowings managed directly by the segments.

Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segments.

	Segment revenue		**Segment profit/(loss)**	
	Year ended 30/4/2011 ***HK$'000***	Year ended 30/4/2010 *HK$'000*	**Year ended 30/4/2011** ***HK$'000***	Year ended 30/4/2010 *HK$'000*
Financial services	**2,506**	1,932	**702**	489
Securities	**10,486**	14,771	**7,406**	9,671
Property	**1,207**	2,621	**7,574**	9,420
Technology & Media	**693**	66	**(5,005)**	(1,851)
Food & Beverage	**40,718**	102,625	**(3,308)**	(5,803)
Total	**55,610**	122,015	**7,369**	11,926
Unallocated items:				
Other revenue			**4,305**	1,647
Administrative and other operating expense			**(21,726)**	(20,751)
Finance costs			**(271)**	(141)
Share of profit of a jointly-controlled entity			**40**	136
Loss before taxation			**(10,283)**	(7,183)
Income tax			**(280)**	(757)
Loss for the year			**(10,563)**	(7,940)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs including directors' salaries, other revenue, other net income, cost of inventories consumed, cost of forfeited collaterals sold, administrative and other operating expenses and finance costs. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	30/4/2011	30/4/2010
	HK$'000	*HK$'000*
Segment assets		
Financial services	**44,038**	30,761
Securities	**83,489**	57,825
Property	**105,964**	72,857
Technology & Media	**703**	8,984
Food & Beverage	**21,574**	28,287
Total segment assets	**255,768**	198,714
Unallocated	**171,867**	226,552
Consolidated assets	**427,635**	425,266
Segment liabilities		
Financial services	**9,838**	723
Securities	**–**	–
Property	**26,872**	12,116
Technology & Media	**–**	116
Food & Beverage	**32,370**	32,915
Total segment liabilities	**69,080**	45,870
Unallocated	**9,628**	14,188
Consolidated liabilities	**78,708**	60,058

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than unallocated corporate assets. No assets are used jointly by segments.

– all liabilities are allocated to reportable segments other than unallocated corporate liabilities. There are no liabilities for which segments are jointly liable.

Other segment information

	Additions to non-current assets		**Depreciation and amortisation**	
	Year ended 30/4/2011	Year ended 30/4/2010	**Year ended 30/4/2011**	Year ended 30/4/2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets				
Financial services	**–**	–	**18**	19
Securities	**–**	–	**–**	–
Property	**29,008**	29,517	**6**	4
Technology & Media	**–**	–	**121**	202
Food & Beverage	**100**	464	**868**	1,685
Unallocated	**31**	2,380	**964**	991
Total	**29,139**	32,361	**1,977**	2,901

(b) Geographical segments

The Group's operations are carried out in Hong Kong and PRC. Financial services, technology & media businesses and food & beverage businesses are carried out in Hong Kong and PRC. Securities and property businesses are carried out mainly in Hong Kong.

The Group's revenue from operations from external customers by location of operations and information about its assets by location of assets are detailed below:

	Revenue from external customers		**Segment assets**	
	Year ended 30/4/2011	Year ended 30/4/2010	**At 30/4/2011**	At 30/4/2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**7,407**	62,263	**382,269**	385,332
PRC	**36,426**	40,521	**45,366**	39,934
Total	**43,833**	102,784	**427,635**	425,266

(c) Information about major customers

The Group has a very wide customer base and no single customer contributed more than 10% of the Group's revenue for each of the years ended 30 April 2010 and 2011.

4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

The principal activities of the Group are providing financial services businesses, securities business, property business, technology & media businesses and food & beverage businesses.

Turnover represents income from financial services businesses, securities businesses, property businesses, technology & media businesses and food & beverage businesses received or receivable during the year.

The Group's turnover, other revenue and other net income for the year arose from the following activities:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Turnover		
Income from food & beverage businesses	**40,060**	100,584
Income from technology & media businesses	**624**	–
Financial services income	**1,674**	1,502
Sale of forfeited collateral	**361**	144
Gross rental income from investment properties	**1,114**	554
	43,833	102,784
Other revenue		
Bank interest income	**647**	300
Total interest income on financial assets not at fair value through profit or loss	**647**	300
Dividend income	**951**	536
Sundry income	**168**	2,728
	1,766	3,564
Other net income		
Exchange gain, net	**–**	57
Gain on disposal of a subsidiary *(note 14)*	**4,204**	–
Gain on disposal of investment properties	**–**	2,067
Net realised gain on financial assets at fair value through profit or loss	**9,535**	14,236
Net gain on disposal of property, plant and equipment	**577**	954
	14,316	17,314

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories consumed	**14,347**	33,867
Cost of forfeited collateral sold	**295**	121
	14,642	33,988
Staff costs (including directors' emoluments):		
Wages and salaries	**17,432**	36,332
Retirement benefits scheme contributions	**139**	1,568
	17,571	37,900
Auditors' remuneration	**623**	703
Depreciation and amortisation	**1,977**	2,901
Gain on disposal of investment properties	**–**	(2,067)
Gain on disposal of property, plant and equipment	**(577)**	(954)
Gain on disposal of a subsidiary *(note 14)*	**(4,204)**	–
Exchange loss/(gain), net	**1,232**	(57)
Operating lease rentals	**7,557**	16,584
Research and development costs*	**5,000**	–
Rental income from investment properties less direct outgoings of HK$70,000 (2010: HK$43,000)	**(1,044)**	(511)
Dividend income from listed securities	**(951)**	(536)
Impairment loss on other receivable	**2,500**	–
Net realised gain on financial assets at fair value through profit or loss	**(9,535)**	(14,236)
Net unrealised loss on financial assets at fair value through profit or loss	**1,256**	3,384

* The item is included in other expenses.

6. FINANCE COSTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Bank overdraft interest	**3**	–
Interest on bank borrowings	**264**	125
Interest on finance lease	**4**	16
Total interest expense on financial liabilities not at fair value through profit or loss	**271**	141

7. INCOME TAX

(a) The taxation in the consolidated statement of comprehensive income represents:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**280**	757
Income tax for the year	**280**	757

Income tax for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation	**(10,283)**	(7,183)
Notional tax on loss before taxation, calculated at the rate applicable to profits in the tax jurisdictions concerned	**(2,010)**	(1,174)
Income not subject to taxation	**(3,483)**	(507)
Expenses not deductible for taxation purposes	**2,664**	532
Tax losses not yet recognised	**3,644**	1,506
Tax effect of unrecognised temporary differences	**(535)**	400
Tax charge	**280**	757

No provision for profits tax in the Cayman Islands, British Virgin Islands ("BVI") and Hong Kong has been made as the Group has no income assessable for tax for the year in these jurisdictions (2010: Nil).

The provision for PRC enterprise income tax is calculated at the standard rate of 25% on the estimated assessable income for the year as determined in accordance with the relevant income tax rules and regulations of the PRC.

(b) Taxation in the consolidated statement of financial position represents:

	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**20,247**	19,561
Provision for the year		
– PRC enterprise income tax	**280**	757
Taxation paid	**(181)**	(71)
Exchange adjustment	**1,068**	–
At end of the year	**21,414**	20,247
Analysed for reporting purposes as:		
PRC enterprise income tax	**21,414**	20,247

8. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2011 (2010: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the net loss attributable to owners of the Company of HK$7,674,000 (2010: HK$6,507,000) and the weighted average number of 5,859,860,900 (2010: 5,860,111,585) ordinary shares in issue during the year.

Diluted loss per share is equal to basic loss per share as there were no dilutive potential ordinary shares in existence in both years presented.

10. INVESTMENT PROPERTIES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of year	**63,940**	45,500
Transfer from deposit paid in respect of acquisition of investment properties	**1,600**	3,503
Additions		
– others	**12,394**	26,014
– through acquisition of a subsidiary *(note 13(i))*	**15,000**	–
	27,394	26,014
Disposals	**–**	(18,120)
Increase in fair value	**6,786**	7,043
Balance at end of year	**99,720**	63,940

The fair value of the Group's investment properties at 30 April 2011 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Asset Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties, was mainly arrived at by reference to comparable market transactions for similar properties.

All of the Group's properties interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Six investment properties are leased to third parties under operating lease.

11. ACCOUNTS RECEIVABLE

	Group	
	2011	2010
	HK$'000	*HK$'000*
Accounts receivable	**489**	451
Less: Allowance for doubtful debts	**–**	–
	489	451

The general credit terms granted by the Group to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aging analysis of accounts receivable as at the end of the reporting period is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**66**	20
31 – 90 days	**64**	175
91 – 180 days	**93**	246
Over 180 days	**266**	10
	489	451

The aging analysis of accounts receivable that are not considered to be impaired is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**130**	195
1 to 3 months past due	**93**	246
3 to 6 months past due	**45**	–
Over 6 months, but less than 1 year past due	**221**	10
	359	256
	489	451

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts

	Group	
	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of the year	**–**	85
Uncollectible amount written off	**–**	(85)
Balance at end of the year	**–**	–

Included in the allowance for doubtful debts made for the year are individually impaired accounts receivable with a balance of HK$Nil (2010: HK$Nil). The impairment recognised represents the difference between the carrying amount of these accounts receivable and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

12. ACCOUNTS PAYABLE

The aging of the Group's accounts payable is analysed as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**462**	859
31 – 90 days	**87**	1,669
91 – 180 days	**–**	520
181 – 360 days	**–**	–
Over 360 days	**429**	408
	978	3,456

The accounts payable is non-interest bearing and are normally settled on 90-day terms. The carrying amounts of the accounts payable at the end of the reporting period approximates to the fair values.

13. ACQUISITION OF ASSETS AND LIABILITIES

(i) Acquisition of assets and liabilities through purchase of Maxfine

During the year, VG Investment Assets Holdings Incorporated ("VGI"), a wholly-owned subsidiary of the Company, acquired assets and liabilities through the acquisition of 100% equity interest in Maxfine Limited ("Maxfine") for a total consideration of HK$15 million. Maxfine is engaged in property investment holdings.

The assets and liabilities acquired in the transaction are as follows:

	Carrying amount and fair value of Maxfine
	HK$'000
Assets and liabilities acquired:	
Investment property	15,000
Amount due to a shareholder	(9,132)
Bank borrowing	(4,523)
Net asset value of Maxfine upon acquisition	1,345
Assignment of debt payable to VGI	9,132
Settlement of bank borrowing at the date of completion	4,523
Total asset value	15,000
Total cash consideration paid for acquisition of Maxfine	15,000
Net cash outflow arising on acquisition	
Cash consideration	(15,000)

(ii) Acquisition of assets through purchase of Karver

During the year, VGI acquired assets through the acquisition of 100% equity interest in Karver Assets Corp ("Karver"), a property investment holding Company, for a total consideration of HK$1.6 million.

The assets acquired in the transaction are as follows:

	Carrying amount and fair value of Karver
	HK$'000
Assets acquired:	
Deposit paid in respect of acquisition of an investment property	1,600
Total consideration	1,600
Net cash outflow arising on acquisition	
Cash consideration	(1,600)

14. DISPOSAL OF A SUBSIDIARY

During the year, the Group signed an agreement with an independent third party to dispose of its 45% equity interest in Guo Xin China Pay Systems Limited ("Guo Xin") at a total consideration of HK$78,000.

Details of the net asset value of Guo Xin are summarised as below:

	Carrying amount and fair value of Guo Xin
	HK$'000
Property, plant and equipment	3
Deposit paid in respect of acquisition of property, plant and equipment	1,761
Deposits, prepayments and other receivables	255
Cash and cash equivalents	353
Accruals	(160)
Net asset value (100%)	2,212
Non-controlling interests (55%)	(6,338)
Net carrying value of Guo Xin	(4,126)
Gain on disposal	4,204
Total consideration	78
Net cash outflow arising on disposal	
Cash consideration	78
Cash and cash equivalents	(353)
	(275)

15. **EVENTS AFTER REPORTING PERIOD**

Subsequent to the end of the reporting period, the Group had acquired an investment property, disposed of a building premises and an investment property. The details are as follows:

(i) In March 2011, KCCC entered into a sale and purchase agreement with an independent third party to dispose of a building premises which was held under leasehold land and building held for own use carried at cost with carrying value of HK$3,998,000 at 30 April 2011 for a consideration of HK$7,050,000. Up to the date of this announcement, a deposit of HK$705,000 has been received and the balance of HK$6,345,000 has also been received upon completion on 15 July 2011;

(ii) Honning Limited entered into a sale and purchase agreement with an independent third party to dispose of an investment property with carrying value of HK$16,170,000 at 30 April 2011 for a consideration of HK$16,170,000. Such property has been disposed of and completed on 24 June 2011 and the total consideration has also been received on the same date; and

(iii) VGI entered into a sale and purchase agreement with an independent third party to acquire assets through the acquisition of 100% equity interest in Best Profit Global Trading Limited, a property investment holding company, at a consideration of approximately HK$2,763,000.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFOMANCE

For the year ended 30 April 2011, the Group generated turnover of approximately HK$43.8 million (2010: approximately HK$102.8 million) with a loss for the year of approximately HK$10.6 million (2010: approximately HK$7.9 million).

Business Review

Financial Services

During this year, the revenue of our financial services businesses increased by HK$0.6 million to approximately HK$2.5 million as compared to last year.

Securities

Our securities business recorded a net realised and unrealised gain on trading of securities investment of approximately HK$8.3 million (2010: profit of approximately HK$10.9 million) and dividend income from listed securities of approximately HK$1.0 million (2010: approximately HK$0.5 million), which contributed a profit for our securities segment of approximately HK$7.4 million (2010: profit approximately HK$9.7 million) for the year ended 30 April 2011.

Property

The revenue of the Group's property business segment was approximately HK$1.2 million (2010: approximately HK$2.6 million). The business segment contributed a profit of approximately HK$7.6 million (2010: profit of approximately HK$9.4 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property business segment would have been approximately HK$0.8 million (2010: approximately HK$0.3 million).

Technology & Media

Our technology & media business recorded revenue of approximately HK$0.7 million (2010: approximately HK$0.1 million) with a business segment loss for the year of approximately HK$5.0 million (2010: approximately HK$1.9 million).

Food & Beverage

During this year, revenue for our food & beverage businesses was approximately HK$40.7 million (2010: approximately HK$102.6 million), resulting in a segment loss of approximately HK$3.3 million (2010: approximately HK$5.8 million).

SEASONAL/CYCLICAL FACTORS

The sales volume during festive periods is normally higher than the sales volume in the slack periods of the year for food & beverage operations.

Financial Review

Liquidity and Financial Resources

The Group maintains a stable financial position with cash and cash equivalents of the Group as at 30 April 2011 amounting to approximately HK$197.2 million (2010: approximately HK$235.2 million). The Group's current ratio as at 30 April 2011 is 3.6 (2010: 5.2). The total equity of the Group amounted to approximately HK$348.9 million (2010: approximately HK$365.2 million) as at 30 April 2011.

Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.08 as at 30 April 2011 (2010: 0.04).

Exchange Rate Exposure

As at 30 April 2011, the Group's cash and cash equivalents amounted to approximately HK$197.2 million, the majority of which was in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi, with relatively stable exchange rates of Renminbi to Hong Kong dollars and Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group has minimal exposure to exchange rate fluctuations.

Treasury Policies

The Group generally finances its ordinary operations with internally generated resources. The interest rates of most of the borrowings, if applicable, are charged by reference to prevailing market rates.

Contingent Liabilities

(a) In December 2005, a legal action was commenced by a former employee of Kamboat Chinese Cuisine Company Limited ("KCCC"), a wholly owned subsidiary of the Company, against KCCC for the claim of approximately HK$1,569,000 for personal injuries, loss and damages suffered during work in KCCC. In the opinion of the directors, such claim should be adequately covered by the Group's insurance. Hence, no provision has been made in the financial statements.

(b) As at 30 April 2011, a number of current employees achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance should their employment be terminated under certain prescribed circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that there will be a material future outflow of resources from the Group in respect thereof. The Group has a contingent liability in respect of possible future payments to employees under the Employment Ordinance with a maximum possible amount of approximately HK$Nil (2010: HK$233,000) at 30 April 2011.

(c) As at 30 April 2010, KCCC provided a corporate guarantee to a landlord to the extent of approximately HK$190,000 in respect of the operating lease payments. No recognition of such guarantee was made for the year ended 30 April 2010 because the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee. The corporate guarantee was released upon the termination of the respective lease agreement during the year ended 30 April 2011.

Commitments

The Group has capital commitments, which are contracted but not provided for, in respect of purchase of property, plant and equipment amounting to approximately HK$13.2 million as at 30 April 2011 (2010: HK$Nil).

FUTURE PROSPECTS

Looking ahead, in light of the uncertainties and challenges face by the world's major economies and investment markets, the Group will continue to manage its businesses in a prudent manner, and we will also continue to seek potential investment opportunities, to diversify our business portfolios, and improve our business performance.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2011, the Group had 180 (2010: 344) employees in Hong Kong and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare, share options and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2011.

CORPORATE GOVERNANCE REPORT

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") with certain exceptions as follows:

1. According to the Code provisions, the non-executive directors should be appointed for a specific term, subject to re-election. All directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

2. In accordance with the code provision, the role of chairman and chief executive officer ("CEO") should be performed by different individuals. Since September 2005, Mr Vong Tat Ieong, David, who is director and CEO of the Company, has also carried out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Company for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Company's development strategies.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the directors (the "Model Code"). Having made specific enquiry with all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the year.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors. Amongst other duties, the principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company.

The Group's final results for the year ended 30 April 2011 have been reviewed by the Audit Committee.

SCOPE OF WORK OF CCIF CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2011 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

The results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.thevongroup.com). The Company's 2011 annual report containing all the information required by the Listing Rules will be despatched to shareholders and will be available on the above websites in due course.

By order of the Board
VONGROUP LIMITED
Vong Tat Ieong, David
Executive Director

Hong Kong, 25 July 2011

As at the date of this announcement, the board of the Company comprises two executive Directors, namely: Mr Vong Tat Ieong, David and Mr Xu Siping; and three independent non-executive Directors, namely: Mr Fung Ka Keung, David, Dr Lam Lee G., and Ms Wong Man Ngar, Edna.

* *For identification purpose only*