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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)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2013

The board of directors (the “Directors”) of Vongroup Limited (the “Company”) wishes to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 April 2013 together with comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Turnover</b>	4	<b>34,216</b>	27,650
Other revenue	4	<b>1,706</b>	1,215
Other gains	4	<b>960</b>	22,850
Cost of inventories consumed		<b>(9,728)</b>	(13,972)
Cost of forfeited collateral sold		–	(254)
Staff costs		<b>(19,097)</b>	(18,910)
Operating lease rentals		<b>(5,210)</b>	(5,020)
Depreciation and amortisation		<b>(2,159)</b>	(1,799)
Other expenses		<b>(22,940)</b>	(54,104)
Change in fair value of investment properties	11	<b>13,725</b>	3,636
<b>Loss from operations</b>	5	<b>(8,527)</b>	(38,708)
Finance costs	6	<b>(549)</b>	(510)
Share of loss of a jointly-controlled entity		–	(1,933)
<b>Loss before taxation</b>		<b>(9,076)</b>	(41,151)
Income tax	7(a)	<b>475</b>	(69)

	<i>Note</i>	<b>2013</b> <b><i>HK\$'000</i></b>	2012 <i>HK\$'000</i>
<b>Loss for the year attributable to owners of the Company</b>		<b>(8,601)</b>	(41,220)
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations, with no income tax effect		(1)	498
Share of reserve movements of jointly-controlled entity		—	37
		—	535
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b><u>(8,602)</u></b>	<b><u>(40,685)</u></b>
		<i>HK\$</i>	<i>HK\$</i>
<b>Loss per share</b>			
– Basic and diluted	9	<b><u>(0.0015)</u></b>	<b><u>(0.0070)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>2013</b> <b>HK\$'000</b>	2012 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>17,093</b>	18,742
Lease premium for land		<b>1,392</b>	1,426
Investment properties	<i>11</i>	<b>182,751</b>	119,541
Goodwill		<b>4,631</b>	6,212
Interest in a jointly-controlled entity		–	–
Deposits paid for acquisition of property, plant and equipment and investment properties		<b>274</b>	255
Available-for-sale investments		<b>16,882</b>	16,882
		<b>223,023</b>	163,058
<b>Current assets</b>			
Lease premium for land		<b>34</b>	34
Inventories		<b>6,979</b>	7,711
Forfeited collateral held for sale		<b>493</b>	280
Accounts receivable	<i>12</i>	<b>273</b>	471
Moneylending loan receivables	<i>13</i>	<b>4,784</b>	23,026
Deposits, prepayments and other receivables		<b>24,700</b>	17,531
Amount due from a jointly-controlled entity		–	234
Equity investments at fair value through profit or loss		<b>26,877</b>	30,043
Derivative financial instrument		–	16,159
Tax recoverable	<i>7(b)</i>	<b>22</b>	–
Cash and cash equivalents		<b>87,431</b>	125,647
		<b>151,593</b>	221,136
<b>Current liabilities</b>			
Accounts payable	<i>14</i>	<b>1,704</b>	1,195
Accruals and deposits received		<b>13,072</b>	11,968
Tax payables	<i>7(b)</i>	<b>22,101</b>	22,101
Finance lease payable – current portion		<b>125</b>	118
Bank borrowings		<b>37,904</b>	39,794
		<b>74,906</b>	75,176
<b>Net current assets</b>		<b>76,687</b>	145,960

	<i>Note</i>	<b>2013</b> <b>HK\$'000</b>	2012 <i>HK\$'000</i>
<b>Total assets less current liabilities</b>		<u><b>299,710</b></u>	<u>309,018</u>
<b>Non-current liabilities</b>			
Finance lease payable – long-term portion		<b>70</b>	185
Deferred tax liabilities		<u>–</u>	<u>591</u>
		<u><b>70</b></u>	<u>776</u>
<b>NET ASSETS</b>		<u><b>299,640</b></u>	<u>308,242</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>5,860</b>	5,860
Reserves		<u><b>293,780</b></u>	<u>302,382</u>
<b>TOTAL EQUITY</b>		<u><b>299,640</b></u>	<u>308,242</u>

Notes:

## 1. SIGNIFICANT 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 2013 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 of the primary economic environment in which the entity operates (the “functional currency”). 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 the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the investment properties and equity investments 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”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments : Disclosures – Transfers of Financial Assets

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

## New/revised HKFRSs not adopted

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2013 and have not been adopted in these financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle <sup>1</sup>
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangements <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>4</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets <sup>2</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>2</sup>
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>
HK (IFRIC) – Int 21	Levies <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

### 3. SEGMENT 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 (“CODM”), senior executive management, for the purposes of resource allocation and performance assessment.

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information are reported internally to the Company's CODM for the purposes of resources allocation and performance assessment, the Group has presented the segment information by the following reportable segments. These segments are managed separately. No operating segments have been aggregated to form the following reportable segments.

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: Technology & media and related activities
5. Food & Beverage: Catering services, other food & beverage businesses and related activities
6. Corporate treasury management: Management of treasury activities of the Group

The Group has changed its internal reporting structure during the year ended 30 April 2013. Accordingly, the comparative segment information has been restated to reflect the current reporting structure.

(a) **Segment revenue, results, assets and liabilities**

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM 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 or financing activities 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.

Segment assets principally comprise all tangible assets and intangible assets directly attributable to each segment. Segment liabilities include accounts payable, accruals and deposits received and tax payables attributable to each segments and finance lease payable and 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/(loss)		Segment profit/(loss)	
	Year ended	Year ended	Year ended	Year ended
	30/4/2013	30/4/2012	30/4/2013	30/4/2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial services	956	1,935	(1,431)	(2,226)
Securities	1,576	(11,312)	1,963	(11,939)
Property	3,915	2,118	17,260	5,024
Technology & Media	115	312	(1,494)	(805)
Food & Beverage*	27,654	34,597	(5,146)	(1,303)
Corporate treasury management	6,753	4,124	88	267
Elimination	(6,753)	(4,124)	—	—
Total	<u>34,216</u>	<u>27,650</u>	<u>11,240</u>	<u>(10,982)</u>
Unallocated items:				
Other revenue			1,273	19,759
Central administrative and other operating expenses			(21,040)	(49,418)
Finance costs			(549)	(510)
Loss before taxation			(9,076)	(41,151)
Income tax			475	(69)
Loss for the year			<u>(8,601)</u>	<u>(41,220)</u>

\* Included share of loss of a jointly-controlled entity.

Segment revenue from financial services, property, technology & media and food & beverage represents revenue generated from external customers. Segment revenue from securities represents revenue/(loss) generated from trading of listed equity securities. Segment revenue from corporate treasury management represents revenue generated from deposits in financial institutions and fund financing to companies within the Group. Fund financing activities between segments are carried out at mutually agreed terms.

The accounting policies of the operating segments are same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of other revenue, other gains, central administrative and other operating expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

*Segment assets and liabilities*

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Segment assets</b>		
Financial services	24,684	38,513
Securities	36,414	39,579
Property	190,513	136,931
Technology & Media	16,774	18,052
Food & Beverage*	13,664	16,736
Corporate treasury management	<u>52,783</u>	<u>84,929</u>
Total segment assets	334,832	334,740
Unallocated property, plant and equipment	15,936	17,209
Unallocated available-for-sale investments	1,532	1,532
Unallocated cash and cash equivalents	958	972
Unallocated derivative financial instrument	–	16,159
Unallocated other receivables**	16,962	–
Unallocated corporate assets	<u>4,396</u>	<u>13,582</u>
Consolidated assets	<u><u>374,616</u></u>	<u><u>384,194</u></u>
<b>Segment liabilities</b>		
Financial services	708	778
Securities	–	–
Property	39,234	40,309
Technology & Media	29	33
Food & Beverage	30,909	30,097
Corporate treasury management	<u>–</u>	<u>–</u>
Total segment liabilities	70,880	71,217
Unallocated liabilities	<u>4,096</u>	<u>4,735</u>
Consolidated liabilities	<u><u>74,976</u></u>	<u><u>75,952</u></u>

\* Included interest in a jointly-controlled entity.

\*\* Unallocated other receivables that represented the termination right arising from termination of available-for-sale investment in Tian Da Energy Holdings Limited.

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

- segment assets exclude property, plant and equipment, available-for-sale investments, cash and cash equivalents, derivative financial instrument and other unallocated corporate assets that are managed on a group basis.
- segment liabilities exclude accruals and deposits received and other unallocated corporate liabilities that are managed on a group basis.



*Other segment information (included in the measure of segment profit or loss or regularly provided to the CODM)*

	Additions to non-current assets		Depreciation and amortisation	
	Year ended 30/4/2013 HK\$'000	Year ended 30/4/2012 HK\$'000	Year ended 30/4/2013 HK\$'000	Year ended 30/4/2012 HK\$'000
<b>Segment assets</b>				
Financial services	20	–	7	102
Securities	–	–	–	–
Property	59,825	32,355	–	–
Technology & Media	–	–	14	36
Food & Beverage	398	565	714	509
Corporate treasury management	–	–	–	–
Unallocated	77	16,237	1,424	1,152
Total	<u>60,320</u>	<u>49,157</u>	<u>2,159</u>	<u>1,799</u>

In addition to depreciation and amortisation reported above, impairment losses of HK\$1,581,000 (2012: HK\$2,776,000) was recognised in respect of goodwill. The impairment losses in respect of goodwill were attributable to the financial services segment.

**(b) Geographical information**

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

The following is an analysis of geographical location of (i) the Group's revenue/(loss) and (ii) the Group's non-current assets as specified below. The geographical location of Group's revenue refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment, investment properties, lease premium for land, deposits paid for acquisition of property, plant and equipment and investment properties, goodwill, and interest in a jointly-controlled entity. The geographical locations of property, plant and equipment, investment properties, lease premium for land and deposits paid for acquisition of property, plant and equipment and investment properties are based on the physical location of the asset under consideration. In the case of goodwill, it is based on the location of the operation to which these intangibles are allocated. In the case of interests in a jointly-controlled entity, it is based on the location of operations of such jointly- controlled entity.

	Revenue/(loss)		Segment non-current assets	
	Year ended 30/4/2013 HK\$'000	Year ended 30/4/2012 HK\$'000	At 30/4/2013 HK\$'000	At 30/4/2012 HK\$'000
Hong Kong (place of domicile)	6,796	(7,369)	188,113	126,225
PRC	27,420	35,019	18,028	19,951
Total	<u>34,216</u>	<u>27,650</u>	<u>206,141</u>	<u>146,176</u>

**(c) Information about major customers**

The Group has a very wide customer base, no single customer contributed more than 10% of the Group's revenue for each of the years ended 30 April 2012 and 2013.

#### 4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

The Group is principally engaged in financial services businesses, securities businesses, property businesses, 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 gains for the year arose from the following activities:

	<b>Group</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>		
Income from food & beverage businesses	27,654	34,597
Income from technology & media businesses	115	312
Net gain/(loss) on equity investments at fair value through profit or loss	1,576	(11,312)
Financial services income	956	1,649
Sale of forfeited collateral	–	286
Gross rental income from investment properties	3,915	2,118
	<u>34,216</u>	<u>27,650</u>
<b>Other revenue</b>		
Bank interest income	132	330
Other interest income	803	–
	<u>935</u>	<u>330</u>
Total interest income on financial assets not at fair value through profit or loss	935	330
Dividend income from listed securities	760	672
Sundry income	11	213
	<u>1,706</u>	<u>1,215</u>
<b>Other gains</b>		
Fair value gain on derivative financial instrument	–	16,159
Gain from deregistration of a jointly-controlled entity	470	–
Net gain on disposal of property, plant and equipment	–	3,091
Net gain on disposal of investment properties	490	–
Written back of accruals	–	3,600
	<u>960</u>	<u>22,850</u>

## 5. LOSS FROM OPERATIONS

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

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cost of inventories consumed	9,728	13,972
Cost of forfeited collaterals sold	–	254
	<b>9,728</b>	14,226
Staff costs (including directors' emoluments):		
Wages and salaries	19,008	18,844
Retirement benefits scheme contributions	89	66
	<b>19,097</b>	18,910
Auditor's remuneration*	727	712
Depreciation of property, plant and equipment	2,125	1,766
Amortisation of lease premium for land	34	33
Net gain on disposal of property, plant and equipment	–	(3,091)
Net (gain)/loss* on disposal of investment properties	(490)	182
Exchange loss, net*	61	410
Operating lease rentals – minimum lease payments	5,210	5,020
Rental income from investment properties less direct outgoings of HK\$79,000 (2012: HK\$102,000)	(3,836)	(2,016)
Dividend income from listed securities	(760)	(672)
Gain from deregistration of a jointly-controlled entity	(470)	–
Impairment loss on other receivables*	–	220
Impairment loss on goodwill*	1,581	2,776
Impairment loss on available-for-sale investments*	–	19,382
Fair value gain on derivative financial instrument	–	(16,159)
	<b>–</b>	<b>(16,159)</b>

\* This item is included in other expenses.

## 6. FINANCE COSTS

	<b>Group</b>	
	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on bank borrowings not wholly repayable within 5 years	534	508
Interest on finance lease	15	2
Total interest expense on financial liabilities not at fair value through profit or loss	<b>549</b>	<b>510</b>

The analysis shows the financial costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 30 April 2013 and 2012, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$534,000 and HK\$508,000 respectively.

## 7. INCOME TAX

(a) Income tax in the consolidated statement of comprehensive income represents:

	<b>Group</b> <b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax		
PRC Enterprise Income Tax (“EIT”)	22	47
(Over)/Under-provision in prior year		
Hong Kong Profits Tax	112	22
EIT	<u>(18)</u>	<u>–</u>
	94	22
Deferred tax		
Reversal of temporary differences	<u>(591)</u>	<u>–</u>
Income tax (credit)/charge for the year	<u><b>(475)</b></u>	<u><b>69</b></u>

No provision for profits tax in the Cayman Islands, British Virgin Islands (“BVI”) and Hong Kong has been made as the Group has no assessable income for the year in these jurisdictions (2012: 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) Income tax in the consolidated statement of financial position represents:

	<b>Group</b> <b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
At beginning of the year	22,101	21,414
Provision for the year		
– PRC EIT	22	47
Tax paid		
– PRC EIT	(22)	(47)
– Hong Kong Profits Tax	<u>(134)</u>	<u>(22)</u>
	(156)	(69)
Tax refunded		
– PRC EIT	18	–
Under/(over-provision) in prior year		
– PRC EIT	(18)	–
– Hong Kong Profits Tax	<u>112</u>	<u>22</u>
	94	22
Exchange adjustment	<u>–</u>	<u>687</u>
At end of the year	<u><b>22,079</b></u>	<u><b>22,101</b></u>
Analysis of income tax:		
Tax recoverable	(22)	–
Tax payable	<u>22,101</u>	<u>22,101</u>
	<u><b>22,079</b></u>	<u><b>22,101</b></u>

## 8. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2013 (2012: 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\$8,601,000 (2012: HK\$41,220,000) and the number of 5,859,860,900 (2012: 5,859,860,900) ordinary shares in issue during the year.

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Group</b>	
	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Balance at beginning of year	<b>18,742</b>	7,678
Additions	<b>476</b>	14,735
Transfer from deposits paid for acquisition of property, plant and equipment and investment properties	–	2,067
Disposals	–	(4,013)
Depreciation	<b>(2,125)</b>	(1,766)
Exchange adjustments	–	41
	<hr/>	<hr/>
Balance at end of year	<b><u>17,093</u></b>	<u>18,742</u>

## 11. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of year	119,541	99,720
Additions		
– transfer from deposits paid for acquisition of property, plant and equipment and investment properties	–	2,763
– acquisitions	7,843	16,981
– capitalised subsequent expenditure	2	237
– through acquisition of a subsidiary ( <i>note 15</i> )	51,980	12,374
	59,825	32,355
Disposals	(10,340)	(16,170)
Increase in fair value	13,725	3,636
Balance at end of year	<b>182,751</b>	<b>119,541</b>

### Amounts recognised in profit and loss for investment properties:

	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Rental income	3,915	2,118
Direct operating expenses from property that generate rental income	(79)	(68)
Direct operating expenses from property that did not generate rental income	–	(34)
	<b>3,836</b>	<b>2,016</b>

The fair value of the Group's investment properties at 30 April 2013 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent firm of qualified professional valuers not connected with the Group. Asset Appraisal Limited have among their staff, members of the Hong Kong Institute of Surveyors, with recent experience in the valuation of similar properties. The valuation 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.

Thirteen (2012: Ten) investment properties are leased to third parties under operating leases.

### The fair values of investment properties shown above comprises:

	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Land in Hong Kong:		
– Medium-term lease	158,540	98,030
Land outside Hong Kong:		
– Medium-term lease	24,211	21,511
	<b>182,751</b>	<b>119,541</b>

## 12. ACCOUNTS RECEIVABLE

	<b>Group</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable	273	471
Less: Allowance for doubtful debts	—	—
	<u>273</u>	<u>471</u>

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:

	<b>Group</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	22	160
31 – 90 days	41	41
91 – 180 days	3	28
Over 180 days	207	242
	<u>273</u>	<u>471</u>

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

	<b>Group</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	66	201
<u>Past due but not impaired</u>		
1 to 3 months past due	—	28
3 to 6 months past due	—	—
Over 6 months, but less than 1 year past due	207	242
	<u>207</u>	<u>270</u>
	<u>273</u>	<u>471</u>

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.

### 13. MONEYLENDING LOAN RECEIVABLES

	<b>Group</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance brought forward	23,026	14,655
Loans advanced	970	13,983
Repayment during the year	(19,212)	(5,685)
Exchange adjustments	—	73
	<u>          </u>	<u>          </u>
Balance carried forward	<b><u>4,784</u></b>	<b><u>23,026</u></b>

The loans bear interest rate ranging from 5.25% to 50.4% (2012: 5.25% to 50.4%) per annum and are repayable according to each of the loan agreements which usually cover periods not more than one year.

#### a) Maturity profile

The maturity profile of moneylending loan receivables at the end of the reporting period, based on the maturity dates, is as follows:

	<b>2013</b>			2012		
	<b>Pawn loans receivable</b>	<b>Unsecured short- term loans receivable</b>	<b>Total</b>	Pawn loans receivable	Unsecured short- term loans receivable	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within 1 month or on demand	1,001	3,351	4,352	542	—	542
Due after 1 month but within 3 months	68	—	68	446	300	746
Due after 3 months	—	364	364	309	21,429	21,738
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b><u>1,069</u></b>	<b><u>3,715</u></b>	<b><u>4,784</u></b>	<b><u>1,297</u></b>	<b><u>21,729</u></b>	<b><u>23,026</u></b>

As at 30 April 2013, no moneylending loan receivables were individually determined to be impaired (2012: Nil).

#### b) Moneylending loan receivables that are not considered to be impaired are as follows:

	<b>2013</b>			2012		
	<b>Pawn loans receivable</b>	<b>Unsecured short- term loans receivable</b>	<b>Total</b>	Pawn loans receivable	Unsecured short- term loans receivable	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	478	3,351	3,829	683	21,624	22,307
<u>Past due but not impaired</u>						
Less than 1 month past due	282	—	282	301	—	301
1 to 3 months past due	—	—	—	313	105	418
Over 3 months past due	309	364	673	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b><u>1,069</u></b>	<b><u>3,715</u></b>	<b><u>4,784</u></b>	<b><u>1,297</u></b>	<b><u>21,729</u></b>	<b><u>23,026</u></b>



Moneylending loan receivables that were neither past due nor impaired relate to recognised and creditworthy borrowers for whom there was no recent history of default.

As at 30 April 2013, the Group held collaterals, mainly land and buildings, golds and jewellerys, with value of approximately HK\$1,702,000 (2012: approximately HK\$1,673,000) in total over the pawn loans receivable.

#### 14. ACCOUNTS PAYABLE

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

	<b>Group</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	443	648
31 – 90 days	691	104
91 – 180 days	90	–
181 – 360 days	35	–
Over 360 days	445	443
	<u>1,704</u>	<u>1,195</u>
	<u><u>1,704</u></u>	<u><u>1,195</u></u>

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.

#### 15. ACQUISITION OF ASSETS AND LIABILITIES

##### (a) Acquisition of assets and liabilities through purchase of House2buy Properties Limited (“House2buy”)

In February 2012, Kingsmake Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire assets and liabilities through the acquisition of 100% equity interest in House2buy for a total consideration of approximately HK\$12,337,000. House2buy is engaged in property investment.

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

	<i>HK\$'000</i>
<b>Assets and liabilities acquired:</b>	
Investment property	12,374
Utility deposits	39
Rental deposit received	<u>(76)</u>
Net asset value of House2buy upon acquisition	<u>12,337</u>
Total consideration, satisfied by cash	<u>12,337</u>
<b>Net cash outflow arising on acquisition</b>	
Cash consideration	<u><u>(12,337)</u></u>

**(b) Acquisition of an asset through purchase of Best Profit Global Trading Limited (“Best Profit”)**

In May 2011, VG Investment Assets Holdings Incorporated (“VGI”), a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire an asset through the acquisition of 100% equity interest in Best Profit, a property investment holding company, at a consideration of approximately HK\$2,763,000.

The asset acquired in the transaction is as follows:

	<i>HK\$’000</i>
<b>Assets acquired:</b>	
Deposit paid for acquisition of an investment property	2,763
Total consideration, satisfied by cash	2,763
<b>Net cash outflow arising on acquisition:</b>	
Cash consideration	<u>(2,763)</u>

**(c) Acquisition of an asset through purchase of Freemantle Capital Investments Limited (“Freemantle”)**

In July 2012, VGI, a wholly-owned subsidiary of the Company, acquired assets through the acquisition of 100% equity interest in Freemantle and its wholly-owned subsidiary, Dynasty Kingdom Limited (“Acquired Group”), at a consideration of approximately HK\$52,000,000.

The assets acquired in the transaction from the Acquired Group are as follows:

	<i>HK\$’000</i>
<b>Assets acquired:</b>	
Investment property	51,980
Utility deposits	20
Total consideration	<u>52,000</u>
<b>Net cash outflow arising on acquisition:</b>	
Cash consideration	<u>(52,000)</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL PERFORMANCE

For the year ended 30 April 2013, the Group generated turnover of approximately HK\$34.2 million (2012: approximately HK\$27.7 million) with a loss for the year of approximately HK\$8.6 million (2012: approximately HK\$41.2 million). The reduction in loss for the year was mainly due to the strengthening of our Property segment which saw an increase in rental income and an increase in the unrealised fair value gain on investment properties. Our Securities segment has been operating to target risk-adjusted returns, which contributed a net realised and unrealised gain in securities investments during this year as compared with a loss for the previous year. Our Food & Beverage segment has been gradually and partially scaling down its traditional products, resulting in an improvement in its gross profit margin. Our Financial Services segment has been more competition and we have been exploring different market strategies in order to seek to sustain steady income. Meanwhile, in our Technology & Media segment, we have been continuing to explore and develop investment opportunities to broaden its income.

### BUSINESS REVIEW

#### *Financial Services*

During this year, the revenue of our financial services segment reflected no significant change as compared to last year.

#### *Securities*

Our securities segment recorded a net realised and unrealised gain on trading of securities investments of approximately HK\$1.6 million (2012: loss of approximately HK\$11.3 million), which contributed a profit for our securities segment of approximately HK\$2.0 million (2012: loss of approximately HK\$11.9 million) for the year ended 30 April 2013.

#### *Property*

The revenue of the Group's property segment was approximately HK\$3.9 million (2012: approximately HK\$2.1 million). The business segment contributed a profit of approximately HK\$17.3 million (2012: profit of approximately HK\$5.0 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property segment would have been approximately HK\$3.5 million (2012: approximately HK\$1.4 million).

#### *Technology & Media*

Our technology & media segment recorded revenue of approximately HK\$0.1 million (2012: approximately HK\$0.3 million) with a segment loss for the year of approximately HK\$1.5 million (2012: loss of approximately HK\$0.8 million).

## ***Food & Beverage***

During the year, revenue for our food & beverage segment was approximately HK\$27.7 million (2012: approximately HK\$34.6 million). Excluding the gain of approximately HK\$3.1 million for the disposal of property in 2012, our segment loss would have been approximately HK\$5.1 million (2012: loss of approximately HK\$4.4 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 maintained cash and cash equivalents as at 30 April 2013 amounting to approximately HK\$87.4 million (2012: approximately HK\$125.6 million). The Group's current ratio as at 30 April 2013 was 2.0 (2012: 2.6). The total equity of the Group amounted to approximately HK\$299.6 million (2012: approximately HK\$308.2 million) as at 30 April 2013.

### ***Gearing***

The gearing ratio, as a ratio of bank borrowings and finance lease payable to total equity, was 0.13 as at 30 April 2013 (2012: 0.13).

### ***Exchange Rate Exposure***

As at 30 April 2013, the Group's cash and cash equivalents amounted to approximately HK\$87.4 million, the majority of which was in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities is 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 and bank borrowings. The interest rates of borrowings, if applicable, are generally charged by reference to prevailing market rates.

## *Commitments*

The Group had no capital commitments during the year (2012: nil).

## **FUTURE PROSPECTS**

The Group expects that macroeconomic uncertainties, the weak global economy and the slowdown in the PRC's economic growth will result in lower levels of economic activity. To respond to, and effectively capture, market opportunities that may emerge from these uncertainties, the Group will aim to closely analyse macroeconomic trends and policy changes, identify critical risks and challenges, and monitor the development and execution of business strategies. The Group will also closely monitor and review the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 April 2013, the Group had 144 (2012: 158) employees in Hong Kong and the PRC. The Group has not experienced 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 2013.

## **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 Jeong, 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 2013 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 2013 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](http://www.hkex.com.hk)) and the Company ([www.thevongroup.com](http://www.thevongroup.com)). The Company's 2013 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 Jeong, David**  
*Executive Director*

Hong Kong, 25 July 2013

*As at the date of this announcement, the board of the Company comprises two executive Directors, namely: Mr Vong Tat Jeong, 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*