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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 2016

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 2016 together with comparative figures for the previous year as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	4	<b>11,967</b>	13,488
Other revenue	4	<b>850</b>	1,065
Other gains	4	<b>350</b>	–
Cost of inventories consumed		<b>(117)</b>	(122)
Staff costs		<b>(7,082)</b>	(5,183)
Operating lease rentals		<b>(564)</b>	(575)
Depreciation and amortisation		<b>(534)</b>	(579)
Other operating expenses		<b>(25,411)</b>	(10,255)
Change in fair value of investment properties		<b>1,525</b>	(933)
<b>Loss from operations</b>	5	<b>(19,016)</b>	(3,094)
Finance costs	6	<b>(461)</b>	(469)
<b>Loss before taxation</b>		<b>(19,477)</b>	(3,563)
Income tax	7	<b>87</b>	61
<b>Loss for the year from continuing operations</b>		<b>(19,390)</b>	(3,502)
<b>DISCONTINUED OPERATION</b>			
Profit/(loss) for the year from discontinued operation	8	<b>27,749</b>	(3,161)
<b>Profit/(loss) for the year attributable to the owners of the Company</b>		<b>8,359</b>	(6,663)
<b>Other comprehensive income/(loss) for the year</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating of foreign operations:			
Exchange difference arising during the year		<b>(1,631)</b>	(2)
Reclassification adjustment relating to foreign operations disposed of during the year		<b>1,710</b>	–
Other comprehensive income/(loss) for the year, net of tax		<b>79</b>	(2)
<b>Total comprehensive income/(loss) for the year attributable to the owners of the Company</b>		<b>8,438</b>	(6,665)
<b>Basic and diluted earnings/(loss) per share (HK\$)</b>	10		(Restated)
– from continuing and discontinued operations		<b>0.0535</b>	(0.0443)
– from continuing operations		<b>(0.1240)</b>	(0.0233)
– from discontinued operation		<b>0.1775</b>	(0.0210)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		13,941	14,472
Investment properties		187,959	186,949
Deposits paid for acquisition of property, plant and equipment		367	367
Available-for-sale investments		2,452	2,452
		<u>204,719</u>	<u>204,240</u>
<b>Current assets</b>			
Inventories		2,011	2,128
Forfeited collateral held for sale		705	683
Accounts receivable	<i>11</i>	4,050	–
Loans and advances to money lending customers		15,043	8,387
Deposits, prepayments and other receivables		32,772	29,513
Equity investments at fair value through profit or loss		16,201	31,124
Deposits placed with financial institutions		–	1,495
Cash and bank balances		72,389	55,366
		<u>143,171</u>	<u>128,696</u>
Assets of a disposal group classified as held for sale		–	7,433
		<u>143,171</u>	<u>136,129</u>
<b>Current liabilities</b>			
Accruals and deposits received		4,490	9,072
Bank borrowings		32,076	34,036
Tax payables		829	829
		<u>37,395</u>	<u>43,937</u>
Liabilities of a disposal group classified as held for sale		–	36,523
		<u>37,395</u>	<u>80,460</u>
<b>Net current assets</b>		<u>105,776</u>	<u>55,669</u>
<b>Total assets less current liabilities</b>		<u>310,495</u>	<u>259,909</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		539	686
<b>NET ASSETS</b>		<u>309,956</u>	<u>259,223</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		6,754	5,860
Reserves		303,202	253,363
<b>TOTAL EQUITY</b>		<u>309,956</u>	<u>259,223</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”) and accounting principles generally accepted in Hong Kong. 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 (the “Listing Rules”).

The provisions of the new Hong Kong Companies Ordinance (Cap 622) (the “new Co”) regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 30 April 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 30 April 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 30 April 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2016 comprise the Group.

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 investment properties and equity investments at fair value through profit or loss that are measured at fair value.

Disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRS 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRS 2011 – 2013 Cycle

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

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap 622) came into effect for the first time during the current financial year.

### 3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive directors, being the Group's chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment, the Group has presented the following six reportable segments. 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 and related activities                    |

During the year, the restaurant operation in the People's Republic of China (the "PRC") that had been identified and included under the food & beverage segment in previous years was discontinued. The Group will continue to pursue opportunities in more financially effective food and beverage businesses in Hong Kong and/or other countries.

The segment information reported below does not include any amounts for the discontinued operation, which is described in more detail in note 8.

#### (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:

Segment assets principally comprise all tangible and intangible assets and current assets with the exception of certain available-for-sale investments and other corporate assets. Segment liabilities include accounts payable, accruals and deposits received, tax payables and deferred tax liabilities attributable to the operating activities of the individual segments and bank borrowings managed directly by the segments.

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 revenue and results*

Information regarding the Group's reportable segments as provided to the Group's CODM for the purpose of resources allocation and assessment of segment performance for the years ended 30 April 2016 and 2015 is set out below.

	<b>Continuing operations</b>			
	<b>Segment revenue</b>		<b>Segment (loss)/profit</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers:				
Financial services	<b>10,513</b>	777	<b>1,232</b>	(113)
Securities	<b>(11,675)</b>	6,635	<b>(11,794)</b>	6,389
Property	<b>5,912</b>	5,593	<b>6,643</b>	3,875
Technology & Media	<b>7,117</b>	483	<b>(2,251)</b>	(1,929)
Food & Beverage	<b>100</b>	–	<b>(17)</b>	(122)
Inter-segment:				
Corporate treasury management	<b>7,705</b>	7,601	–	–
Segment total	<b>19,672</b>	21,089	<b>(6,187)</b>	8,100
Elimination	<b>(7,705)</b>	(7,601)	–	–
Total for continuing operations	<b>11,967</b>	13,488	<b>(6,187)</b>	8,100
Unallocated items:				
Other revenue and other gains			<b>1,128</b>	1,000
Unallocated corporate expenses			<b>(13,957)</b>	(12,194)
Finance costs			<b>(461)</b>	(469)
Loss before taxation from continuing operations			<b>(19,477)</b>	(3,563)
Income tax			<b>87</b>	61
Loss for the year from continuing operations			<b>(19,390)</b>	(3,502)

Funds financing activities between segments are carried out at mutually agreed terms.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other revenue and other net income, corporate expenses and finance costs of the Group that are not allocated to individual segments are classified as unallocated items. This is the measurement basis reported to the CODM for the purposes of resources allocation and assessment of segment performance.

**Segment assets and liabilities**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Segment assets</b>		
Financial services	34,187	37,532
Securities	21,984	32,619
Property	194,931	193,590
Technology & Media	11,275	10,394
Food & Beverage	2,931	3,048
Corporate treasury management	45,665	20,433
Total reportable segment assets	<u>310,973</u>	<u>297,616</u>
Assets of a disposal group classified as held for sale	–	7,433
Unallocated property, plant and equipment	13,896	14,411
Unallocated available-for-sale investments	1,532	1,532
Unallocated cash and cash equivalents	228	296
Unallocated other receivables*	19,153	18,569
Unallocated corporate assets	2,108	512
Consolidated total assets	<u><u>347,890</u></u>	<u><u>340,369</u></u>

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

**Segment liabilities**

Financial services	676	691
Property	34,344	39,339
Technology & Media	677	84
Food & Beverage	–	–
Total reportable segment liabilities	<u>35,697</u>	<u>40,114</u>
Liabilities of a disposal group classified as held for sale	–	36,523
Unallocated liabilities	2,237	4,509
Consolidated total liabilities	<u><u>37,934</u></u>	<u><u>81,146</u></u>

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

- segment assets exclude certain property, plant and equipment, available-for-sale investments, cash and bank balances, other receivables and other unallocated corporate assets as these assets are managed on a group basis.
- segment liabilities exclude certain accruals and deposits received and other unallocated corporate liabilities as these liabilities are managed on a group basis.

	Additions to non-current assets		Depreciation and amortisation		Interest income	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Continuing operations</b>						
Financial services	–	12	14	13	44	52
Technology & Media	–	–	–	–	1	–
Food & Beverage	–	–	–	–	–	–
Corporate treasury management	–	–	–	–	91	77
Unallocated	6	45	520	566	–	–
Total	<u><u>6</u></u>	<u><u>57</u></u>	<u><u>534</u></u>	<u><u>579</u></u>	<u><u>136</u></u>	<u><u>129</u></u>

(b) **Geographical information**

The Group's operations are mainly located in Hong Kong, PRC and Macau.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of goods physically delivered to or location of services provided to customers and the location of the investments being listed. Information about its non-current assets is based on geographical location of the assets.

	Revenue		Non-current assets	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations:</b>				
Hong Kong	10,873	12,524	180,250	175,167
PRC	959	559	9,969	10,821
Macau	135	405	14,500	15,800
Total	<u>11,967</u>	<u>13,488</u>	<u>204,719</u>	<u>201,788</u>

(c) **Information about major customers**

During the year ended 30 April 2016, two external customers in the Technology & Media segment, two external customers in the Financial Services segment and 1 external customer in the Property segment contributed over 10% of total revenue of the Group: HK\$5 million (2015: nil) and HK\$1.67 million (2015: HK\$0.3 million), HK\$8.55 million (2015: nil) and HK\$1.24 million (2015: nil), and HK\$1.9 million (2015: HK\$1.8 million) respectively.

4. **REVENUE, OTHER REVENUE AND OTHER GAINS**

	2016	2015
	HK\$'000	HK\$'000
<b>Continuing operations:</b>		
<b>Revenue</b>		
Financial services income	10,513	777
Net (loss)/gain on equity investments at fair value through profit or loss	(12,268)	6,036
Gross rental income from investment properties	5,912	5,593
Income from technology & media businesses	7,117	483
Income from food & beverage businesses	100	–
Dividend income on equity investments	593	599
	<u>11,967</u>	<u>13,488</u>
<b>Other revenue</b>		
Bank interest income	136	129
Other interest income	584	803
Management fee income	120	120
Sundry income	10	13
	<u>850</u>	<u>1,065</u>
<b>Other gains</b>		
Exchange gain, net	<u>350</u>	<u>–</u>

## 5. LOSS FROM OPERATIONS

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Cost of inventories consumed	117	122
Staff costs (including directors' emoluments):		
Wages and salaries	6,999	5,108
Contributions to retirement benefits scheme	83	75
	7,082	5,183
Auditor's remuneration*	500	585
Depreciation of property, plant and equipment	534	579
Exchange loss, net*	–	50
Operating lease rentals – minimum lease payments	564	575
Gross rental income from investment properties less direct outgoings approximately of HK\$123,000 (2015: approximately of HK\$134,000)	(5,789)	(5,459)
	(5,789)	(5,459)

\* This item is included in other expenses.

## 6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Continuing operations:</b>		
Interest on bank borrowings not wholly repayable within five years	461	468
Bank overdraft interest	–	1
	461	469
	461	469

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the year ended 30 April 2016, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$461,000 (2015: HK\$468,000).

## 7. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income relating to continuing operations represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Continuing operations:</b>		
PRC Enterprise Income Tax ("EIT")	60	41
Deferred tax		
– Current year	(147)	(102)
Income tax credit for the year	(87)	(61)
	(87)	(61)

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 (2015: Nil).

The provision for PRC Enterprise Income Tax ("EIT") is calculated at the standard rate of 25% (2015: 25%) on the estimated assessable income for the year as determined in accordance with the relevant income tax rules and regulations of the PRC.

## 8. DISCONTINUED OPERATION

On 20 April 2015, the Group and an independent third party, entered into a sale and purchase agreement, pursuant to which, the Group agreed to sell and the independent third party agreed to acquire, 100% equity interest in Kamboat China Limited (together with its wholly-owned subsidiary, the "Disposal Group"), which has a restaurant operation in the PRC at a consideration of HK\$500,000 (subject to post-completion adjustment).

The restaurant operation in the PRC was classified as discontinued operation and the assets and liabilities attributable to the restaurant operation have been classified as a disposal group held for sale as at 30 April 2015. The disposal of the Disposal Group was completed on 15 May 2015.

The profit/(loss) for the year from discontinued operation is set out below

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year from discontinued operation	–	(3,161)
Gain on disposal of the Disposal Group during the year ( <i>Note 12</i> )	<b>27,749</b>	–
	<u><b>27,749</b></u>	<u>(3,161)</u>

## 9. DIVIDENDS

The directors do not recommend the payment of dividends for the year ended 30 April 2016 (2015: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u><b>8,359</b></u>	<u>(6,663)</u>
	<b>2016</b>	2015 (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u><b>156,375,921</b></u>	<u>150,445,242</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 30 April 2016 has been adjusted for the share consolidation on 11 February 2016 and the bonus elements in the shares issued under the placing of existing shares and subscription for new shares completed on 4 January 2016.

The comparative figures for the basic and diluted loss per share for the year ended 30 April 2015 are restated to take into account of the effect of the above share consolidation and the bonus elements arising from the placing of existing shares and subscription of shares completed during the year retrospectively as if they have taken place since the beginning of the comparative period.

### From continuing operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss		
Profit/(loss) for the year attributable to the owners of the Company	<b>8,359</b>	(6,663)
Less: Profit/(loss) for year from discontinued operation	<u><b>27,749</b></u>	<u>(3,161)</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u><b>(19,390)</b></u>	<u>(3,502)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.



## From discontinued operation

Basic and diluted earnings per share for discontinued operation is HK\$0.1775 per share (2015: basic and diluted loss of HK\$0.0210 per share (restated)), based on the earnings for the year from discontinued operation of approximately HK\$27,749,000 (2015: loss of approximately HK\$3,161,000) and the denominators detailed above for both basic and diluted loss per share.

## 11. ACCOUNTS RECEIVABLE

The following aging analysis of the accounts receivable is based on contract dates:

	2016 HK\$'000	2015 HK\$'000
Recoverable on demand	<u>4,050</u>	<u>–</u>

Accounts receivable relates to an independent customer for whom there was no recent history of default. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of the receivable 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.

The Group maintains a defined credit policy including stringent credit evaluation. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk.

## 12. DISPOSAL OF SUBSIDIARIES

On 20 April 2015, the Group and an independent third party entered into a sale and purchase agreement, pursuant to which the Group agreed to sell and the independent third party agreed to acquire 100% equity interest of Kamboat China Limited (together with its wholly-owned subsidiary), which had a restaurant operation in the PRC, at a consideration of HK\$500,000 (subject to post-completion adjustment). The disposal was completed on 15 May 2015. The amount of the post-completion adjustment was HK\$50,000, resulting in the consideration being adjusted to HK\$450,000.

### *Analysis of assets and liabilities over which control was lost:*

Property, plant and equipment	412
Inventories	301
Accounts and other receivables	6,350
Cash and bank balances	370
Accounts and other payables	(13,862)
Income tax payable	(22,661)
Net liabilities disposed of	<u>(29,090)</u>

### *Gain on disposal of subsidiaries:*

Net cash consideration received	369
Net liabilities disposed of	29,090
Cumulative exchange loss in respect of the net liabilities reclassified from equity to profit or loss on loss of control of subsidiaries	(1,710)
Gain on disposal (Note 8)	<u>27,749</u>

### *Net cash outflow arising on disposal:*

Cash consideration	450
Expenses paid in cash incurred on disposal	(81)
Consideration received	369
Less: Cash and bank balances disposed of	(370)
	<u>(1)</u>

## 13. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been restated to conform with current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL PERFORMANCE

During the year under review, the Group generated revenue from continuing operations of approximately HK\$12.0 million (2015: approximately HK\$13.5 million) with a loss for the year from continuing operations of approximately HK\$19.4 million (2015: loss of approximately HK\$3.5 million), which was mainly due to net realised/unrealised loss in our Securities business segment of approximately HK\$11.7 million, of which HK\$10.4 million loss was reported in the Company's interim results announcement and interim report for the six months ended 31 October 2015. Taking into account such loss from continuing operations, together with the accounting treatment of the one-time net gain upon the disposal of subsidiaries, as previously announced in the positive profit alert announcement of the Company dated 12 October 2015 and in the interim report for the six months ended 31 October 2015, the Group recorded a profit for the year of approximately HK\$8.4 million (2015: loss of approximately HK\$6.7 million)

Our Securities business has reported net realised/unrealised loss as the stock markets have been relatively volatile while we have been continuing to achieve risk-adjusted returns. Our Financial Services business has contributed a steady increase in its revenue during this year. We will be continuing to explore different investment opportunities and broaden its customer base. Our Property business has been contributing a steady growth of rental income, and we continue to identify further suitable investment opportunities. Our Food & Beverage business, following the disposal of certain subsidiaries, has been continuing to seek to expand upon the Group's experience in this sector by exploring different investment opportunities in smaller-scale operations, and more casual food & beverage and related businesses. Our Technology & Media business has seen an increase in its revenue, and we have been continuing to explore different potential business or investment opportunities in Hong Kong and internationally to diversify income sources in this sector.

### BUSINESS REVIEW

#### Financial Services

Our financial services business recorded a business segment profit for the year of approximately HK\$1.2 million (2015: loss of approximately HK\$0.1 million).

#### Securities

Our securities business recorded a net realised and unrealised loss on trading of securities investment and dividend income in equity investments in aggregate of approximately HK\$11.7 million (2015: gain of approximately HK\$6.6 million), which contributed a loss for our securities segment of approximately HK\$11.8 million (2015: gain of approximately HK\$6.4 million) for the year ended 30 April 2016.

#### Property

The revenue of the Group's property business segment was approximately of HK\$5.9 million (2015: approximately of HK\$5.6 million). The business segment contributed a profit of approximately HK\$6.6 million (2015: approximately HK\$3.9 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property business segment would have been approximately of HK\$5.1 million (2015: approximately HK\$4.8 million).

#### Technology & Media

Our technology & media business recorded a business segment loss for the year of approximately HK\$2.3 million (2015: approximately HK\$1.9 million).

#### Food & Beverage

During the year, revenue for our food & beverage business from continuing operations was approximately HK\$0.1 million (2015: nil), resulting in a segment loss of approximately HK\$nil (2015: approximately HK\$0.1 million).

### RISKS AND UNCERTAINTIES

The Group is exposed to the risk of negative, volatile or of uncertain developments, including but not limited to negative, volatile or uncertain developments in the global, regional and local economies, in the financial and property markets, and in the changes in patterns of consumption. These developments might reduce revenue or result in reduced valuations of the Group's investment properties or in the Group being unable to meet its strategic objectives or in negative effect to its financial condition, results of operations and businesses. The Company will continue to adopt prudent financial policies to cope with the impact of uncertain factors.

## **FINANCIAL REVIEW**

### ***Liquidity and Financial Resources***

The Group maintained cash and bank balances as at 30 April 2016 amounting to approximately HK\$72.4 million (2015: approximately HK\$55.4 million). The Group's current ratio as at 30 April 2016 was 3.8 (2015: 1.7). The total equity of the Group amounted to approximately HK\$310.0 million (2015: approximately HK\$259.2 million) as at 30 April 2016.

### ***Gearing***

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.10 as at 30 April 2016 (2015: 0.13).

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

The Group's assets, liabilities and cash flow from operations are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The Group currently does not have any related foreign exchange hedges, however the Company monitors its foreign exchange exposure and will consider hedges should the need arise.

### ***Treasury Policies***

The Group generally finances its 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 (2015: nil).

## **FUTURE PROSPECTS**

Given that the global financial markets are subjected to a range of instability factors, including but not limited to volatility in the stock markets and potential economic uncertainty, the Company will continue to identify investment opportunities and seek to manage its business with a view to suitable risk-adjusted returns.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 April 2016, the Group had 16 (2015: 49) 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 2016.

## **CORPORATE GOVERNANCE REPORT**

During the year under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code"), except for the deviation from code provisions A.2.1, A.4.1 and A.6.7 of the Code as described below.

Under code provision A.2.1 of the Code, 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 a 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.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors of the Company, including the independent non-executive Directors, are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years as specified in the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Under code provision A.6.7 of the Code, independent non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. There are three independent non-executive Directors of the Company and they were unable to attend the 2015 annual general meeting of the Company held on 29 September 2015 due to their engagement in other commitments.

#### **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 2016 have been reviewed by the Audit Committee.

#### **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 April 2016 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng Limited on the announcement.

#### **PUBLICATION OF FINANCIAL INFORMATION**

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.thevongroup.com](http://www.thevongroup.com)). The Company's 2016 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, 26 July 2016

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

\* *For identification purpose only*