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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 2018

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 2018 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	4	23,541	12,767
Other revenue	4	1,068	1,078
Other gains	4	35	–
Cost of inventories consumed		(1,947)	(64)
Staff costs		(5,478)	(8,454)
Operating lease rentals		(610)	(579)
Depreciation		(773)	(525)
Other operating expenses		(12,151)	(15,084)
Change in fair value of investment properties		35,817	6,620
Profit/(loss) from operations	5	39,502	(4,241)
Finance costs	6	(535)	(486)
Profit/(loss) before taxation		38,967	(4,727)
Income tax	7	(191)	(80)
Profit/(loss) for the year		38,776	(4,807)
Other comprehensive income/(loss) for the year, net of tax			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of investment property		1,231	–
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating of foreign operations		1,966	(1,648)
Other comprehensive income/(loss) for the year, net of tax		3,197	(1,648)
Total comprehensive income/(loss) for the year attributable to the owners of the Company		41,973	(6,455)
Earnings/(loss) per share (HK\$)	9		
– basic and diluted		0.2018	(0.0264)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,838	14,024
Investment properties		232,073	193,939
Deposits paid for acquisition of property, plant and equipment		367	367
Available-for-sale investments		48,499	48,499
		<u>294,777</u>	<u>256,829</u>
Current assets			
Inventories		–	1,947
Forfeited collateral held for sale		768	699
Accounts receivable	10	16,924	4,050
Loans and advances to money lending customers		12,851	15,664
Deposits, prepayments and other receivables		40,596	38,912
Equity investments at fair value through profit or loss		17,355	21,483
Cash and bank balances		34,626	36,676
		<u>123,120</u>	<u>119,431</u>
Current liabilities			
Accruals and deposits received		4,312	2,886
Bank borrowings		28,188	30,140
Tax payables		829	829
		<u>33,329</u>	<u>33,855</u>
Net current assets		<u>89,791</u>	<u>85,576</u>
Total assets less current liabilities		<u>384,568</u>	<u>342,405</u>
Non-current liabilities			
Deferred tax liabilities		801	611
NET ASSETS		<u>383,767</u>	<u>341,794</u>
CAPITAL AND RESERVES			
Share capital		7,688	7,688
Reserves		376,079	334,106
TOTAL EQUITY		<u>383,767</u>	<u>341,794</u>

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated 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 consolidated 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 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 consolidated financial statements.

(b) Basis of preparation of the financial statements

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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”), rounded to the nearest thousand except otherwise indicated. Hong Kong dollar is the functional currency of the Company and of the most of the subsidiaries.

The measurement basis used in the preparation of the consolidated 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.

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

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

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKAS 12 of included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification the Scope of HKFRS 12

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.

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 |

(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 assets and current assets with the exception of certain available-for-sale investments and other corporate assets. Segment liabilities include 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 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 2018 and 2017 is set out below.

	Segment revenue		Segment profit	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers:				
Financial services	3,139	2,413	2,390	1,583
Securities	2,691	5,633	2,672	5,619
Property	3,937	4,553	39,024	10,385
Technology & Media	9,454	12	1,636	(5,224)
Food & Beverage	4,320	156	2,373	92
Inter-segment:				
Corporate treasury management	7,122	7,992	-	-
Segment total	<u>30,663</u>	<u>20,759</u>	<u>48,095</u>	<u>12,455</u>
Elimination	(7,122)	(7,992)	-	-
Total	<u><u>23,541</u></u>	<u><u>12,767</u></u>	<u><u>48,095</u></u>	<u><u>12,455</u></u>
Unallocated items:				
Other revenue and other gains			1,003	985
Unallocated corporate expenses			(9,596)	(17,681)
Finance costs			(535)	(486)
Profit/(loss) before taxation			<u>38,967</u>	(4,727)
Income tax			(191)	(80)
Profit/(loss) for the year			<u><u>38,776</u></u>	<u><u>(4,807)</u></u>

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

	2018	2017
	HK\$'000	HK\$'000
Segment assets		
Financial services	30,849	33,843
Securities	17,356	21,483
Property	235,267	199,613
Technology & Media	72,338	63,807
Food & Beverage	7,546	3,274
Corporate treasury management	17,331	17,101
Total reportable segment assets	380,687	339,121
Unallocated property, plant and equipment	13,816	13,995
Unallocated available-for-sale investments	1,532	1,532
Unallocated cash and bank balances	307	358
Unallocated other receivables*	20,653	19,903
Unallocated corporate assets	902	1,351
Consolidated total assets	417,897	376,260

* 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	180	164
Property	30,640	31,760
Technology & Media	560	551
Total reportable segment liabilities	31,380	32,475
Unallocated liabilities	2,750	1,991
Consolidated total liabilities	34,130	34,466

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		Bank interest income	
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial services	–	–	11	13	97	36
Technology & Media	–	–	117	–	–	1
Securities	–	–	–	–	3	–
Corporate treasury management	–	–	–	–	–	114
Unallocated	1,023	611	645	512	–	–
Total	1,023	611	773	525	100	151

* Non-current assets excluded available-for-sale investments.

(b) **Geographical information**

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

Information about the Group's revenue 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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Hong Kong	22,935	12,241	268,897	232,875
PRC	518	526	9,196	8,854
Macau	88	–	16,684	15,100
Total	<u>23,541</u>	<u>12,767</u>	<u>294,777</u>	<u>256,829</u>

(c) **Information about major customers**

Revenue from a major customer, which amounted to 10% or more of the Group's revenue, is set out below:

	2018 HK\$'000	2017 HK\$'000
Customer A (Note)	<u>3,600</u>	<u>–</u>

Note: No information on revenue for the year ended 30 April 2017 was disclosed for this customer, which did not contribute 10% or more than to the Group's revenue for the year ended 30 April 2017.

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

	2018 HK\$'000	2017 HK\$'000
Revenue		
Financial services income	3,139	2,413
Unrealised gain on equity investments at fair value through profit or loss ("FVTPL")	1,781	4,849
Realised gain on equity investments at FVTPL*	482	519
Gross rental income from investment properties	3,937	4,553
Income from technology & media businesses	9,454	12
Income from food & beverage businesses	4,320	156
Dividend income on equity investments	428	265
	<u>23,541</u>	<u>12,767</u>
Other revenue		
Bank interest income	100	151
Other interest income	750	750
Management fee income	200	120
Sundry income	18	57
	<u>1,068</u>	<u>1,078</u>
Other gains		
Gain on disposal of property, plant and equipment	<u>35</u>	<u>–</u>

* The gross proceeds from disposal of equity investments at FVTPL for the year were approximately HK\$6,848,000 (2017: approximately HK\$2,351,000).

5. PROFIT/(LOSS) FROM OPERATIONS

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cost of inventories consumed	1,947	64
Staff costs (including directors' emoluments):		
Wages and salaries	5,399	8,362
Contributions to retirement benefits scheme	79	92
	<u>5,478</u>	<u>8,454</u>
Auditor's remuneration – audit services*	500	500
Depreciation of property, plant and equipment	773	525
Exchange loss, net*	25	557
Operating lease rentals – minimum lease payments	610	579
Gross rental income from investment properties less direct outgoings of approximately HK\$167,000 (2017: approximately HK\$209,000)	<u>(3,770)</u>	<u>(4,344)</u>

* This item is included in other operating expenses.

6. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on bank borrowings not wholly repayable within five years	<u>535</u>	<u>486</u>

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 2018, the interest on bank borrowings which contain a repayment on demand clause amounted to approximately HK\$535,000 (2017: approximately HK\$486,000).

7. INCOME TAX

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
PRC Enterprise Income Tax ("EIT")	1	8
Deferred tax		
– Current year	190	72
Income tax charge for the year	<u>191</u>	<u>80</u>

No provision for profits tax in the Cayman Islands, British Virgin Islands and Hong Kong has been made as the Group has no assessable income for the year in these jurisdictions (2017: Nil).

The provision for PRC EIT is calculated at the standard rate of 25% (2017: 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. DIVIDENDS

The Directors do not recommend the payment of dividends for the year ended 30 April 2018 (2017: Nil).

9. EARNINGS/(LOSS) PER SHARE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u>38,776</u>	<u>(4,807)</u>
Number of shares	2018	2017
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>192,189,833</u>	<u>182,018,435</u>

For the years ended 30 April 2018 and 2017, diluted earnings/(loss) per share is the same as basic earnings/(loss) as there was no potential diluted event.

10. ACCOUNTS RECEIVABLE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Accounts receivable	<u>16,924</u>	<u>4,050</u>

The following is an ageing analysis of accounts receivable based on the invoice date at the end of the reporting periods:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	10,042	–
31 to 60 days	972	–
61 to 90 days	602	–
91 to 180 days	1,062	–
Over 180 days	<u>4,246</u>	<u>4,050</u>
	<u>16,924</u>	<u>4,050</u>

The Group generally allows an average credit period range from 30 to 120 days to its customers. Receivables that were neither past due nor impaired related to customers for whom there was no default. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group's business strategy has been to engage in a diversified portfolio of business activities that are largely synergistic with one another, in order to generate greater value and opportunities. Therefore, although we report according to business segments, our businesses are not all operated as independent units, but instead they may work closely together to maximise business opportunities, especially financial/business services, technology/media business, and food & beverage. For example, some of our businesses call for synergistic cross-segment and inter-disciplinary management and operational expertise, resulting in overlap of business contacts and customers amongst business segments.

During the year under review, the Group successfully generated increased revenue of approximately HK\$23.5 million (2017: approximately HK\$12.8 million), with profit for the year of approximately HK\$38.8 million (2017: loss of approximately HK\$4.8 million). In addition to revenue, the Group also recorded gross proceeds from the sale of securities of approximately HK\$6.8 million (2017: approximately HK\$2.4 million).

The profit for the year under review as compared with the loss during the previous year was mainly due to our successful improvement in performance, resulting in increase in revenue to approximately HK\$23.5 million (2017: approximately HK\$12.8 million), for example, in our food & beverage and technology & media businesses, as well as increase in fair value of our investment properties of approximately HK\$35.8 million (2017: approximately HK\$6.6 million).

Our Property business is engaged in acquiring, managing and operating undervalued properties, including (i) commercial properties (retail and offices), especially in Kowloon East CBD, in line with the government's CBD 2.0 policy to transform Kowloon East, (ii) residential properties, especially at prime locations, and (iii) carpark properties, especially at locations with a low carpark density. These properties are located at regional locations that we believe are considered to be higher quality for property demand, primarily in Hong Kong, but also in the PRC and Macau. These properties are acquired, managed and operated for both value gain and rental income strategies. As a result, (a) income from our properties can be from both disposal proceeds as well as from rental receipts, and (b) fair value gains from our properties are recorded as profit. We believe that this two-pronged approach of value gain and rental income optimizes value creation for our shareholders.

Our Technology & Media business is focused on providing media, fintech and entertainment and related technology services and products. We provide full one-stop service to clients to analyse, design, develop, operate and maintain integrated e-commerce and other online commercial platforms and products, for different business models and industries. Following our previous investment phase in product development and related business development, in particular in relation to multi-language, multi-currency fintech systems, that we believe would be of considerable global demand following the breakthrough of advanced fintech technologies, we have now emerged to profit in our Technology & Media business.

Our Food & Beverage business focuses on (i) casual food & beverage businesses and related businesses, that are operated from relatively smaller size locations instead of large floor-area restaurants, including our minority equity interest in a food & beverage operator in Hong Kong to which also we contribute our experience in operations and management, (ii) sourcing and distributorship of food & beverage products, including having successfully secured a distributorship from a significant producer of chilled seafood in the PRC, and (iii) providing management services to food & beverage clients.

Our Securities business operates by investing in a diversified portfolio of securities that are listed on recognized stock exchanges with a potential for earnings growth and capital appreciation. Our strategy is to generate and preserve shareholder value, and we do so by adopting a prudent investment policy to invest in securities that have long-term growth potential. This way, we have been continuing to achieve risk-adjusted returns under relatively volatile or uncertain conditions in the global capital markets.

Our Financial Services business provides financial services, as well as business/management related services, including clients with cross-border expansion or activities in Hong Kong, the PRC and Korea.

BUSINESS REVIEW

Financial Services

During the year, revenue from our financial services business was approximately HK\$3.1 million (2017: approximately HK\$2.4 million), resulting in a segment gain of approximately HK\$2.4 million (2017: approximately HK\$1.6 million).

Securities

Our securities business recorded a net realised and unrealised gain on trading of securities investment and dividend income in equity investments in aggregate of approximately HK\$2.7 million (2017: gain of approximately HK\$5.6 million), which contributed a gain for our securities segment of approximately HK\$2.7 million (2017: gain of approximately HK\$5.6 million) for the year ended 30 April 2018.

Property

The revenue of the Group's property business segment was approximately of HK\$3.9 million (2017: approximately HK\$4.6 million). The business segment contributed a profit of approximately HK\$39.0 million (2017: approximately HK\$10.4 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property business segment would have been approximately HK\$3.2 million (2017: approximately HK\$3.8 million).

Technology & Media

During the year, revenue from our technology & media business was approximately HK\$9.5 million (2017: approximately HK\$nil), resulting in a segment gain of approximately HK\$1.6 million (2017: loss of approximately HK\$5.2 million).

Food & Beverage

During the year, revenue from our food & beverage business was approximately HK\$4.3 million (2017: approximately HK\$0.2 million), resulting in a segment gain of approximately HK\$2.4 million (2017: 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 2018 amounting to approximately HK\$34.6 million (2017: approximately HK\$36.7 million). The Group's current ratio as at 30 April 2018 was 3.7 (2017: 3.5). The total equity of the Group amounted to approximately HK\$383.8 million (2017: approximately HK\$341.8 million) as at 30 April 2018.

Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.07 as at 30 April 2018 (2017: 0.09).

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 (2017: nil).

FUTURE PROSPECTS

We believe that we are well-positioned for continued future growth, notwithstanding the uncertainties presented in the global and local business environment, including potential trade wars. We believe that in no small part due to the way that we operate synergistic cross-segment businesses, with management and operational staff who have significant experience in inter-disciplinary business management and operations, especially in cross-border businesses.

In particular, continuing with our successful generation of revenue and profit from our properties, we intend to continue to manage and operate a portfolio of properties that present both value gain and also rental income, especially commercial properties in high demand areas like Kowloon East CBD which is in line with government policy to transform and create Hong Kong's CBD 2.0. And with increasing use of technology and decentralization in occupier strategy, we believe that Kowloon East CBD is well-equipped to grow and outperform many other emerging commercial submarkets and establish itself as a new CBD for Hong Kong. We will continue to closely monitor the market and determine the optimum times for reducing our weighting in residential properties and increasing our weighting in Kowloon East CBD commercial properties. We also seek to maintain and reinforce our value by recognising the importance of maintaining long-term good relationships with our core stakeholders, for example, tenants, property agents and professional bodies.

We also seek to strive to continue the growth that we have already achieved as we have emerged from a temporary period of investment phase in technology & media. We have believed that fintech will be the big breakthrough for businesses across many industries. Our synergistic mode of operation and management has been successful in generating clients and business from cross-disciplinary business development efforts, for example, fintech-related services for non-financial sector clients. With increased client demand in advancement of fintech and blockchain technologies, as well as market recognition of our Group's products in fintech, we are now seeing significantly increased demand for our fintech services and products, potentially enhancing our revenue and profit, and we are optimistic that we stand in a good position to secure increased business from clients in this sector in the coming year, growing from the successful turnaround that we have already achieved in the past year.

And in food & beverage, we believe that our current operations and management expertise will be a strong basis to continue the growth that we have seen in the past year by potentially securing increased business through expansion of our product lines, including potentially seeking suitable food & beverage operations for acquisition or collaboration, expansion of our sourcing and distributorship business, and growth of our business/management services for food & beverage companies synergistically with our financial services division. We also will continue to enhance our e-commerce capabilities, synergistically with our technology & media division. In addition, with our growing business network in Korea, we have already secured the distributorship of a significant PRC producer of seafood that seeks to expand into the Korea market, and we intend to expand our product lines to other food & beverage products as well as potentially similar businesses, including lifestyle products and services, thus creating new revenue streams for our Group.

Overall, we are excited by our business development in Hong Kong and overseas and will continue to expand in our interdisciplinary and synergistic way. As we have now successfully executed our turnaround to profit, we look ahead to continued growth in our directions of strength, while placing tremendous effort on diversifying our Group's existing business portfolio, all the while being mindful of achieving sustainable growth. This will call for our Group's competitive edges to be exhibited to grasp emerging opportunities, and thereby access new revenue streams, increase existing revenue streams, and deliver greater returns for our shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2018, the Group had 25 (2017: 14) 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 2018.

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 Ieong 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 2017 annual general meeting of the Company held on 3 October 2017 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 2018 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 2018 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.

EVENT AFTER THE REPORTING PERIOD

On 29 July 2018, the Group entered into a sale and purchase agreement to dispose of the investment in Partners K&K Limited to an independent third party, which was classified as an available-for-sale investment, at a consideration of US\$1,000,000.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.thevongroup.com). The Company's 2018 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, 31 July 2018

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*