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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)

PROFIT WARNING

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Vongroup Limited (the “Company”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (“Inside Information”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the “Board”) wishes to inform the shareholders and potential investors of the Company that, based on a preliminary review of draft valuation that the valuers of the Company informed us of yesterday, and based on a preliminary review of currently available draft unaudited consolidated management accounts of the Company and its subsidiaries (the “Group”) and other information that is available to the management of the Company (the “Management”), it is expected that the Group will record a decrease in profit for the year in its annual results for the year ended 30 April 2019 (the “Annual Results”) as compared to the profit that was recorded for the previous year, mainly due to the unrealised gain that arose from the change in fair value of our portfolio of investment properties being a lower gain this year (approximately HK\$15 million gain) than it was last year (approximately HK\$36 million gain).

Based on the draft valuation, draft accounts and other information referred to above, and in addition to the decrease in profit for the year, which constitutes profit warning and Inside Information, the Group also expects to record an increase in revenue for the year, continuing our turnaround during the year ended 30 April 2018, and a decrease in total comprehensive income for the year. The decrease in total comprehensive income for the year, as compared to last year, is mainly due to changes in fair value of financial assets at fair value through other comprehensive income, and which are items that will not be reclassified to profit or loss, pursuant to recent adoption of Hong Kong Financial Reporting Standard 9 (a reduction in such fair value by approximately HK\$17 million). The unrealised valuation changes referred in this announcement are non-cash items, and do not affect the Group’s daily operations and cash flow.

Information contained in this announcement is based solely on a preliminary assessment of the aforementioned draft valuation and draft unaudited consolidated management accounts of the Group and other information that is currently available to Management. Such information has not been audited or reviewed by the Company’s auditors, and is subject to amendment. The Company is in the process of preparing the Annual Results, which have not been finalised as at the date of this announcement, and which are subject to review and finalization by the Board and the Company’s auditors. Therefore, the Annual Results may differ from the currently available information. Detailed information regarding the results of the Group will be disclosed in the forthcoming Annual Results, which are expected to be published after the Board meeting that is scheduled to take place on 23 August 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

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

Hong Kong, 22 August 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Vong Tat leong 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*