VONGROUP LIMITED
黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 318)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2019

The board of directors (the "Board" or "Directors") of Vongroup Limited (the "Company") wishes to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 October 2019, together with the comparative figures for the corresponding period of the previous year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2019

		Six months ended 31 October (unaudited)	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Turnover	4	**17,227**	20,568
Other revenue and net gains	4	**527**	545
Staff costs		**(3,545)**	(3,777)
Operating lease rentals		**(311)**	(324)
Depreciation and amortisation		**(385)**	(387)
Operating expenses		**(5,981)**	(8,525)
Administrative expenses		**(2,179)**	(5,120)
Change in fair value of investment properties		**(2,381)**	6,200
Profit from operations	5	**2,972**	9,180
Finance costs	6	**(368)**	(336)
Profit before taxation		**2,604**	8,844
Income tax	7	**47**	–
Profit for the period		**2,651**	8,844
Other comprehensive expense			
Exchange differences arising on translation of foreign operations		**(971)**	(2,040)
Total comprehensive income for the period		**1,680**	6,804
Profit for the period attributable to:			
Owners of the Company		**2,651**	8,844
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,680**	6,804
Earnings per share			
Basic and diluted	9	**HK$0.014**	HK$0.046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2019

	Note	31 October 2019 HK$'000 (unaudited)	30 April 2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**12,706**	13,092
Investment properties		**243,928**	246,697
Deposits paid for acquisition of property, plant and equipment		**364**	364
Financial assets at fair value through other comprehensive income		**24,139**	24,139
Financial assets at fair value through profit or loss		**1,650**	1,650
		282,787	285,942
Current assets			
Forfeited collateral held for sale		**795**	723
Accounts receivable	*10*	**46,959**	33,641
Loans and advances		**9,803**	9,957
Deposits, prepayments and other receivables		**45,084**	45,200
Financial assets at fair value		**15,600**	8,274
Cash and bank balances		**19,703**	34,434
		137,944	132,229
Current liabilities			
Accruals and deposits received		**9,039**	7,075
Bank borrowings		**25,258**	26,295
Tax payables		**829**	829
		35,126	34,199
Net current assets		**102,818**	98,030
Total assets less current liabilities		**385,605**	383,972
Non-current liabilities			
Deferred tax liabilities		**849**	896
NET ASSETS		**384,756**	383,076
Capital and reserves			
Share capital		**7,688**	7,688
Reserves		**377,068**	375,388
TOTAL EQUITY		**384,756**	383,076

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 31 October 2019

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and financial assets at fair value through profit or loss, which are measured at fair values, as appropriate.

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 April 2019, except that the Group has adopted, for the first time for the current period's unaudited condensed consolidated interim financial statements, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "New HKFRSs") issued by the HKICPA that are effective for the accounting period commencing on 1 May 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests In Associates and Joint Ventures
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements and 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, the above new and revised HKFRSs have no significant financial effect on the unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the date of initial application of HKFRS 16. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets including in property, plant and equipment on the condensed consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Transition and summary of effects arising from initial application of HKFRS 16
Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 Determining whether an arrangement contains a lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease. As a lessee The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

The Group's non-cancellable operating lease commitments as at 30 April 2019, which amounted to HK$484,000 as disclosed in the Company's annual report for the year ended 30 April 2019, related to either short-term leases or those leases with a remaining lease term ending on or before 30 April 2020. Accordingly, no right-of-use assets and lease liabilities were recognised as at 1 May 2019 in respect of these operating lease arrangements.

The Group's leases are related to either short-term leases or those leases with a remaining lease term ending on or before 30 April 2020. Accordingly, no right-of-use assets and lease liabilities were recognised as at 31 October 2019. The Group recognised rental expenses from short-term leases of approximately HK$311,000 for the six months ended 30 October 2019.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

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 & Management:	Financial & Management 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 and results

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the revenue and results 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 revenue and results

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

	Segment revenue (unaudited) Six months ended 31 October		**Segment profit/(loss) (unaudited) Six months ended 31 October**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial & Management	**2,878**	2,635	**2,430**	1,207
Securities	**(858)**	(2,029)	**(1,025)**	(2,073)
Property	**2,479**	2,590	**(297)**	8,421
Technology & Media	**10,298**	13,022	**6,675**	6,044
Food & Beverage	**2,430**	4,350	**1,452**	3,013
Corporate treasury management	**3,580**	3,490	**–**	–
Segment total	**20,807**	24,058	**9,235**	16,612
Elimination	**(3,580)**	(3,490)	**–**	–
Total	**17,227**	20,568	**9,235**	16,612
Unallocated items:				
Other revenue			**506**	483
Administrative and other operating expenses			**(6,769)**	(7,915)
Finance costs			**(368)**	(336)
Profit before taxation			**2,604**	8,844
Income tax			**47**	–
Profit for the period			**2,651**	8,844

(b) Geographical segments

The following table provides an analysis of the Group's segment revenue by geographical market.

	Six months ended 31 October (unaudited)	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**16,810**	20,173
Mainland China	**249**	263
Macau	**168**	132
Total	**17,227**	20,568

(c) Information about major customers

The Group has a wide customer base and no single customer contributed more than 10% of the Group's revenue for the six months ended 31 October 2019 (2018: nil).

4. TURNOVER, OTHER REVENUE AND NET GAINS

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

	Six months ended 31 October (unaudited)	
	2019	2018
	HK$'000	*HK$'000*
Turnover		
Income from financial & management business	**2,878**	2,635
Realised gain on equity investments at fair value through profit or loss ("FVTPL")*	**949**	40
Unrealised loss on equity investments at FVTPL	**(2,248)**	(2,532)
Rental income from property business	**2,479**	2,590
Income from technology & media business	**10,298**	13,022
Income from food & beverage business	**2,430**	4,350
Dividend income on equity investments	**441**	463
	17,227	20,568

* The gross proceeds from disposal of equity investments at FVTPL for the period were approximately HK$30,994,000 (2018: approximately HK$12,599,000).

	Six months ended 31 October (unaudited)	
	2019	2018
	HK$'000	*HK$'000*
Other revenue and net gains		
Bank interest income	**40**	62
Other interest income	**375**	375
Management income	**108**	108
Exchange gain, net	**4**	–
	527	545

5. PROFIT FROM OPERATIONS

The profit from operations is arrived at after charging/(crediting):

	Six months ended 31 October (unaudited)	
	2019	2018
	HK$'000	*HK$'000*
Staff costs	**3,545**	3,777
Gross rental income from investment properties less direct outgoings of approximately HK$74,000 (2018: approximately HK$57,000)	**(2,405)**	(2,533)

6. FINANCE COSTS

	Six months ended 31 October (unaudited)	
	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**368**	336

7. INCOME TAX

	Six months ended 31 October (unaudited)	
	2019	2018
	HK$'000	*HK$'000*
Profits tax:		
PRC enterprise income tax	**–**	–
Write back of deferred tax	**(47)**	–
Income tax credit for the period	**(47)**	–

No provision for profits tax in the Cayman Islands, British Virgin Islands and Hong Kong has been made as the Group has no income assessable for tax for the period in these jurisdictions (2018: nil).

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

8. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2019 (2018: nil).

9. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings for the period		
Earnings for the purpose of basic and diluted earnings per share	**2,651**	8,844
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**192,189,833**	192,189,833

10. ACCOUNTS RECEIVABLE

	31 October 2019	30 April 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts receivable	**51,737**	38,419
Less: net impairment losses on accounts receivable	**(4,778)**	(4,778)
	46,959	33,641

The following aged analysis of accounts receivable is based on invoice date:

	31 October 2019	30 April 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**3,239**	3,242
31 to 60 days	**2,587**	2,100
61 to 90 days	**2,589**	3,213
91 to 180 days	**11,542**	8,031
Over 180 days	**31,780**	21,833
	51,737	38,419

The Group generally allows an average credit period range from 30 to 180 days to its customers. Accounts receivable that were neither past due nor impaired related to customers for whom there was no default. Accounts receivable 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. 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.

11. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been reviewed with no disagreement by the Audit Committee of the Company and were approved and authorised for issue by the Board on 30 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

Although we report in segments, we have continued to engage in business activities as a whole, where we seek to achieve synergistic value amongst one another, in order to generate higher returns and greater business opportunities. This business strategy, together with our earlier initiatives in technology & media, especially in fintech, has continued to successfully generate profit during the period under review, maintaining our turnaround to profit that commenced during the year ended 30 April 2018, which continued during the year ended 30 April 2019, even though we would have wished for higher profit for the period under review were it not for unforeseen and often violent social unrests.

Therefore, while our segments are reported separately pursuant to applicable accounting principles, our management and operations frequently view and assess them as a whole. Consequently, many parts of our segments are viewed and operated by management as sub-parts of a comprehensive synergistic business.

During the period under review, the Group recorded revenue of approximately HK$17.2 million (2018: approximately HK$20.6 million) and profit for the period of approximately HK$2.7 million (2018: approximately HK$8.8 million), continuing the Group's successful record of profit following its turnaround during the year ended 30 April 2018.

Also, such decreased profit for the period under review reflects a decrease in fair value of investment properties, being a non-cash item, that was recorded during this period. Likewise, such higher profit for the six-month period ended 31 October 2018 reflected an increase in fair value of investment properties that was recorded for that period.

When such changes in fair value of investment properties, being non-cash items, are excluded, we are pleased to see that the Group recorded profit for the period under review of approximately HK$5.0 million, which is approximately about 2 times higher than that for the six-month period ended 31 October 2018 (2018: approximately HK$2.6 million), continuing the Group's turnaround to profit notwithstanding the serious adverse impact of the unforeseen ongoing large-scale violent and intensified protests in Hong Kong in recent months. The Group has nevertheless successfully delivered a profit for the period under review, and a higher profit than for the six-month period ended 31 October 2018, when such non-cash items are excluded.

In line with this growth, we seek to work towards increasing both the amount and the weighting, of both revenue and profit, from technology & media and our food & beverage operations.

In addition to revenue, the Group also recorded gross proceeds from the trading of securities of approximately HK$31 million (2018: approximately HK$12.6 million). The aggregate of our revenue and such gross proceeds is approximately HK$47.3 million (2018: approximately HK$33.2 million).

Amid the ongoing large-scale violent and intensified protests in Hong Kong in recent months, which has coincided with most of the period under review, there inevitably has been significant impact on market and business sentiment, resulting in general economic downturn. The arrival of this period of social unrest in June 2019, the length of the period of social unrest, and the continuing escalation and intensification of the violence, were all unforeseen.

This social unrest has seen curbing of property transactions and property values, and dampening of rental values. The violence has driven away shoppers, diners, tourists and business travelers, significantly affecting food & beverage consumption, seriously affecting Hong Kong businesses, and resulting in much reduced interaction. Some overseas and Hong Kong business associates have taken a "wait and see" approach to Hong Kong, therefore affecting the revenue and profit that we otherwise would have wished to be have recorded during the period under review. A number of countries have issued travel advisories and urged their nationals to exercise increased caution when travelling to Hong Kong.

Faced with this downward pressure on the market, although we have continued to generate a profit for the period under review, we have set for ourselves a mission to stay vigilant and be ready to respond to further deterioration in the business environment during the remainder of the current financial year, and to formulate new initiatives to generate further growth against the economic downturn.

We have been closely monitoring our business and operations and have taken measures to counteract the potential impact of the social unrest. In particular, the diversification of the geographical locations of our Group's businesses away from many of the frequent hotspots of social unrest has dampened the impact from the influence of such social unrest.

Business Review

We manage our Group's operations as one synergistic whole, to generate maximum value, although our reporting is in segments. Therefore, each of the following is a component that contributes to the Group's operations. Within these, during the period under review, the focal area has been Technology & Media.

Our Technology & Media operations focus on media, fintech, entertainment, education, sports and related technology services and products, providing full one-stop service to clients to analyse, design, develop, operate and maintain integrated e-commerce and other online commercial and educational platforms and products, for different business models and industries. Following the breakthrough of advanced fintech technologies and our continued effort in product development and related business development, in particular in relation to multi-language, multi-currency fintech systems, we have now continued to profit in our Technology & Media business.

We are pleased that, notwithstanding the unforeseen and violent social unrest, where many companies have adopted a "wait and see" approach, our technology & media business recorded revenue of approximately HK$10.3 million (2018: approximately HK$13.0 million) with gain for the period of approximately HK$6.7 million (2018: profit of approximately HK$6.0 million). As the Group has taken new initiatives to seek to explore and expand this business following the recent social unrest, we envisage that this business will see continuing growth during the upcoming year, especially in relation to fintech, sports, e-commerce and education, and also in synergistic ways with our Financial & Management operations.

Our Food & Beverage operations focus on (i) casual food & beverage businesses and related businesses, that are operated from relatively smaller-sized locations, including our minority equity interest in a food & beverage operator in Hong Kong to which we also contribute our experience in operations and management, (ii) distribution and trading, and (iii) providing management services to food & beverage clients. Although this has not been a key focus point of the Group during the period under review, we seek to expand these operations in the coming year, and increase its weighting amongst the Group's operations. We recorded food & beverage revenue of approximately HK$2.4 million for the period under review (2018: approximately HK$4.3 million), with gain of approximately HK$1.4 million (2018: approximately HK$3.0 million). Food & beverage operations is an area where we actively seek to expand either via organic growth or via mergers and acquisitions during the coming year.

Our Property operations are managed with a two-pronged approach of value gain and rental income to optimize value creation for our shareholders. We have continued to manage our operations by identifying optimal opportunities to acquire, manage and operate 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. We intend to increase the weighting of our commercial properties, as we believe that we will see greater value opportunities there. These properties are acquired, managed, operated and disposed 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 and contribute towards profit for the period.

Rental income for the period under review has been fairly steady at approximately HK$2.5 million (2018: approximately HK$2.6 million). As many property values in Hong Kong have been seriously affected by the recent social unrest, we are pleased to record only a very slight decrease in unrealized fair value of investment properties during the period under review, being approximately HK$2.4 million decrease (2018: gain of approximately HK$6.2 million). This slight decrease is approximately 1.1% of the HK$246.7 million fair value of investment properties as at 30 April 2019. We recorded approximately HK$0.3 million loss for the period under review in our property business (2018: gain of approximately HK8.4 million), which includes the non-cash decrease in fair value of investment properties. When such changes in fair value of investment properties are excluded, our property business recorded stable profit: HK$2.1 million in profit during the period under review (2018: approximately HK$2.2 million).

Given market conditions, we believe that the optimum times and values for disposing of selected properties may be during the coming year.

Our Financial and Management operations provides financial and management related services, including to clients with cross-border expansion or activities in Hong Kong, the PRC and Korea. During the period in review we are pleased to record approximately 9.2% growth in revenue, to approximately HK$2.9 million (2018: approximately HK$2.6 million), resulting in approximately 100% increase in gain of approximately HK$2.4 million (2018: approximately HK$1.2 million). We are currently seeking opportunities to increase the weighting in this business, especially in relation to clients where we will contribute a combination of our financial & management, and technology & media services.

Our Securities operations invest in a diversified portfolio of securities that are listed on recognised 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. We recorded revenue from this business, including net realised and unrealised loss of securities, of approximately HK$0.9 million (2018: loss of approximately HK$2.0 million). We intend to seek to reduce the weighting of our securities operations during the coming year, in parallel with our seeking to increase the weighting of our technology & media and food & beverage and financial & management operations.

FUTURE PROSPECTS

We are delighted that with our continued successful generation of profit for the period under review, following on from our turnaround during the year ended 30 April 2018, we believe that we are well-positioned for continued future growth, notwithstanding that we would have wished for substantially higher profit if it were not for the economic downturn brought on the unforeseen and violent social unrest.

We believe that this is in no small part due to the way that we operate synergistic cross-segment operations, with management and operational staff who have significant experience in inter-disciplinary business management and operations, especially in cross-border businesses. In particular, our staff are highly experienced in analysing and executing investments in related businesses that would have a multiplier effect for our operations.

The China-US trade war may not end soon, and we are unable to determine an end in sight for the current social unrest in Hong Kong. We believe that the economy will inevitably deteriorate.

Despite the heightened geopolitical risks and potential continuing and intensively violent social unrest in Hong Kong in the medium term, the Group is pursuing a strategy of pursuing a number of projects where asset values are favourable, and where our experience and expertise would bring added value, and also which would enable us to comfortably develop and grow our businesses in the uncertain times ahead.

We believe that it is during these difficult times that the experience and expertise of our management will be demonstrated, and that we are well-positioned for continued future growth, notwithstanding the uncertainties presented in the global and local business environment, including current trade wars and recent social unrest in Hong Kong. We believe that this might not be the time for a traditional single-product business to focus on one product and not diversify to hedge against fluctuating and potentially violent social unrest. Our belief in this is 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.

First, in our technology & media operations, we are very excited to continue the growth that we have already achieved as we have emerged from a temporary period of investment phase to eventually breakthrough, and successfully generate profit commencing the year ended 30 April 2018. We have continued this during the period under review, and we will actively seek to continue to put resources into these operations to aim to generate higher revenue and profit during the coming year. We believe that the convergence of fintech, media, education and culture industries is the big breakthrough. Our synergistic mode of operation and management has been successful in generating clients and business from cross-disciplinary business development efforts. With increased client demand in advanced fintech and blockchain technologies, as well as market recognition of our Group's products and services in fintech, we are now seeing significantly increased demand for our fintech services and products, which would strengthen 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 year ended 30 April 2018 and continuing through the year under review. We would have wished for higher revenue and profit during the period under review were it not for the economic downturn brought about by the unforeseen and violent social unrest. In addition to the local market, we will actively seek to partner and form alliances with major overseas companies in order to expand our business internationally. As violence and social unrest apparently continues, and as economic downturn sets in, we believe that many companies will begin to make use of advanced technology more than before in order to reduce their cost of doing business, as well as to reach out to more customers remotely.

Secondly, in our food & beverage business, we believe that our current operations and management expertise will be a strong basis to continue 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 and management 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 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.

Thirdly, in our property operations, we intend to continue to manage and operate a portfolio of properties 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 continue 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. Our properties are generally not located at or near the hotspots of social unrest, therefore their values have not been significantly affected. Our gearing ratio on all properties is currently relatively low and highly conservative, with bank borrowing to property value ratio of only approximately 10.4% (30 April 2019: approximately 10.7%), representing only approximately HK$25.2 million of bank borrowings (30 April 2019: approximately HK$26.3 million), as compared with the aggregate of investment property value and property held for own use of approximately HK$243.9 million (30 April 2019: approximately HK$246.7 million). Our gearing ratio against total equity is approximately 7% (30 April 2019: approximately 7%). Therefore, we intend during the coming year to take advantage of currently low interest rates to cautiously increase our gearing ratio within prudent levels.

Overall, we are cautious and also excited by our business development in Hong Kong and overseas and will continue to expand in our interdisciplinary and synergistic way, being careful to be quick and dynamic to respond to changes that come with the often turbulent and unpredictable nature of the violent social unrest in Hong Kong. We are adopting new initiatives in light of the social unrest, and seek to develop results in the upcoming months. We look ahead to continued growth in our directions of strength, while placing tremendous effort on our Group's experience and expertise. This will call for our Group's competitive edges to be exhibited to grasp emerging opportunities during difficult economic downturns, access new revenue streams, increase existing revenue streams, and deliver greater returns for our shareholders.

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 31 October 2019 amounting to approximately HK$19.7 million (30 April 2019: approximately HK$34.4 million). The Group's current ratio as at 31 October 2019 was 3.9 (30 April 2019: 3.9). The total equity of the Group amounted to approximately HK$384.8 million (30 April 2019: approximately HK$383.1 million) as at 31 October 2019.

Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.07 as at 31 October 2019 (30 April 2019: 0.07).

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 exchanges 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 as at 31 October 2019 (30 April 2019: nil).

Employment and Remuneration Policy

As at 31 October 2019, the Group had 19 (30 April 2019: 19) 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.

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 regarding directors' securities transactions. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standards set out in the Model Code during the six months ended 31 October 2019.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2019 (31 October 2018: nil).

Purchase, Sale or Redemption of listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 31 October 2019.

Audit Committee

During the period, the audit committee of the Company (the "Audit Committee") comprised three independent non-executive directors, namely, Fung Ka Keung David, Lam Lee G. and Wong Man Ngar Edna. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 October 2019.

Compliance with the Code on Corporate Governance Practices

During the period under review, the Company has complied with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules and periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code, except for the deviation from code provisions A.2.1, A.4.1 and A.6.7 of the CG Code as described below.

Under code provision A.2.1, the role of chairman and chief executive officer ("CEO") should be performed by different individuals. Since September 2005, 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, 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 provisions of the Company's articles of association. 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 CG Code.

Under code provision A.6.7, 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; they were unable to attend the 2019 annual general meeting of the Company held on 30 September 2019 due to their engagement with their other commitments.

By order of the Board
Vong Tat Ieong David
Executive Director

Hong Kong, 30 December 2019

As at the date of this announcement, the board of directors 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*