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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 2012

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 2012 together with comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Turnover</b>	4	<b>27,650</b>	52,112
Other revenue	4	<b>1,215</b>	1,766
Other gains	4	<b>22,850</b>	4,781
Cost of inventories consumed		<b>(13,972)</b>	(14,347)
Cost of forfeited collateral sold		<b>(254)</b>	(295)
Staff costs		<b>(18,910)</b>	(17,571)
Operating lease rentals		<b>(5,020)</b>	(7,557)
Depreciation and amortisation		<b>(1,799)</b>	(1,977)
Other expenses		<b>(54,104)</b>	(33,750)
Change in fair value of investment properties	11	<b>3,636</b>	6,786
<b>Loss from operations</b>	5	<b>(38,708)</b>	(10,052)
Finance costs	6	<b>(510)</b>	(271)
Share of (loss)/profit of a jointly-controlled entity		<b>(1,933)</b>	40
<b>Loss before taxation</b>		<b>(41,151)</b>	(10,283)
Income tax	7(a)	<b>(69)</b>	(280)
<b>Loss for the year</b>		<b>(41,220)</b>	(10,563)
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations, with no income tax effect		<b>535</b>	620
<b>Total comprehensive expense for the year</b>		<b>(40,685)</b>	(9,943)

	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(41,220)	(7,674)
Non-controlling interests		<u>–</u>	<u>(2,889)</u>
		<b><u>(41,220)</u></b>	<b><u>(10,563)</u></b>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		(40,685)	(7,054)
Non-controlling interests		<u>–</u>	<u>(2,889)</u>
		<b><u>(40,685)</u></b>	<b><u>(9,943)</u></b>
<b>Loss per share</b>			
– Basic and diluted	9	<b><u>(HK\$0.0070)</u></b>	<b><u>(HK\$0.0013)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>18,742</b>	7,678
Lease premium for land		<b>1,426</b>	1,414
Investment properties	<i>11</i>	<b>119,541</b>	99,720
Goodwill		<b>6,212</b>	8,988
Interest in a jointly-controlled entity		–	1,896
Deposits paid for acquisition of property, plant and equipment and investment properties		<b>255</b>	2,224
Available-for-sale investments		<b>16,882</b>	21,834
		<b>163,058</b>	143,754
<b>Current assets</b>			
Lease premium for land		<b>34</b>	33
Inventories		<b>7,711</b>	9,678
Forfeited collateral held for sale		<b>280</b>	217
Accounts receivable	<i>12</i>	<b>471</b>	489
Moneylending loan receivables	<i>13</i>	<b>23,026</b>	14,655
Deposits, prepayments and other receivables		<b>17,531</b>	14,661
Amount due from a jointly-controlled entity		<b>234</b>	267
Equity investments at fair value through profit or loss		<b>30,043</b>	46,683
Derivative financial instrument		<b>16,159</b>	–
Cash and cash equivalents		<b>125,647</b>	197,198
		<b>221,136</b>	283,881
<b>Current liabilities</b>			
Accounts payable	<i>14</i>	<b>1,195</b>	978
Accruals and deposits received		<b>11,968</b>	27,928
Tax payables	<i>7(b)</i>	<b>22,101</b>	21,414
Finance lease payable – current portion		<b>118</b>	–
Bank borrowings		<b>39,794</b>	27,797
		<b>75,176</b>	78,117
<b>Net current assets</b>		<b>145,960</b>	205,764

	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>Total assets less current liabilities</b>		<b>309,018</b>	349,518
<b>Non-current liabilities</b>			
Finance lease payable – long-term portion		<b>185</b>	–
Deferred tax liabilities		<b>591</b>	591
		<u>776</u>	<u>591</u>
<b>NET ASSETS</b>		<b><u>308,242</u></b>	<b><u>348,927</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>5,860</b>	5,860
Reserves		<b>302,382</b>	343,067
<b>TOTAL EQUITY</b>		<b><u>308,242</u></b>	<b><u>348,927</u></b>

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### (b) Basis of preparation

The consolidated financial statements for the year ended 30 April 2012 comprise the Company and its subsidiaries and the Group’s interest in a jointly-controlled entity.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars (“HK\$”), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the investment properties, equity investments at fair value through profit or loss and derivative financial instrument that have been measured at fair value.

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

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior accounting periods.

### HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous Standard. The related party disclosures are not required to be changed to reflect the application of the revised Standard.

## Improvements to HKFRSs issued in 2010

Improvements to HKFRSs issued in 2010 omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7 Financial instruments: Disclosures. The disclosures about the Group's and the Company's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

### *Early adoption of HKAS 12 (Amendment) 'Income taxes – Deferred tax: recovery of underlying assets'*

In December 2010, the Hong Kong Institute of Certified Public Accountants promulgated HKAS 12 (Amendment) 'Income taxes – Deferred tax: recovery of underlying assets', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to the Group's accounting periods beginning on or after 1 May 2012 with early adoption permitted.

The Group has early adopted this amendment retrospectively for the financial year ended 30 April 2012. As required by the amendment, the Group has re-measured the deferred tax relating to the investment property according to the tax consequence on the presumption that it is recovered entirely by sale retrospectively. The early adoption of this amendment did not result in any significant financial impact to the Group for the years ended 30 April 2012 and before.

### **New/revised HKFRSs not adopted**

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised standards, amendments and interpretations which are not yet effective for the year ended 30 April 2012 and have not been adopted in these financial statements.

Amendments to HKFRS	Annual Improvements to HKFRSs 2009-2011 Cycle <sup>2</sup>
Amendments to HKFRS	Government Loans <sup>2</sup>
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets <sup>1</sup>
	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>2</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>4</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>5</sup>
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013.

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

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

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2014.

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

**3. SEGMENT INFORMATION**

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information is reported to and reviewed by the chief operating decision maker ("CODM"), Chief Executive Officer, for the purposes of resource allocation and performance assessment.

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information are reported internally to the Company's board of directors and the CODM for the purposes of resources allocation and performance assessment. The Group has presented the segment information by the following categories. These segments are managed separately.

- 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

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

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the revenue, results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales 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. Head office and corporate expenses are not allocated to individual segments.

Segment assets principally comprise all tangible assets and intangible assets directly attributable to each segment. Segment liabilities include trade creditors, accruals and deposits received and tax payables attributable to each segments and finance lease payable and bank borrowings managed directly by the segments.

### *Segment revenue and results*

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

	Segment revenue/(loss)		Segment profit/(loss)	
	Year ended 30/4/2012 HK\$'000	Year ended 30/4/2011 HK\$'000	Year ended 30/4/2012 HK\$'000	Year ended 30/4/2011 HK\$'000
Financial services	1,935	2,035	258	702
Securities	(11,312)	8,279	(11,939)	7,406
Property	2,118	1,114	5,024	7,574
Technology & Media	312	624	(246)	(5,005)
Food & Beverage	34,597	40,060	630	(3,308)
	<u>27,650</u>	<u>52,112</u>	<u>(6,273)</u>	<u>7,369</u>
Total				
Unallocated items:				
Other revenue			19,759	4,305
Administrative and other operating expenses			(52,194)	(21,726)
Finance costs			(510)	(271)
Share of (loss)/profit of a jointly-controlled entity			(1,933)	40
			<u>(41,151)</u>	<u>(10,283)</u>
Loss before taxation			(41,151)	(10,283)
Income tax			(69)	(280)
			<u>(41,220)</u>	<u>(10,563)</u>
Loss for the year				

Segment revenue from financial services, property, technology & media and food & beverage represents revenue generated from external customers. Segment revenue from securities represents revenue/(loss) generated from trading of listed equity securities. There were no inter-segment sales in the current year (2011: Nil).

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



*Segment assets and liabilities*

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Segment assets</b>		
Financial services	41,744	44,038
Securities	30,043	83,489
Property	136,931	105,964
Technology & Media	391	703
Food & Beverage	15,816	21,574
	<hr/>	<hr/>
Total segment assets	224,925	255,768
Unallocated property, plant and equipment	18,669	3,651
Unallocated available-for-sales investments	16,882	21,834
Unallocated cash and cash equivalents	95,437	132,509
Unallocated derivative financial instrument	16,159	–
Unallocated corporate assets	12,122	13,873
	<hr/>	<hr/>
Consolidated assets	<b>384,194</b>	<b>427,635</b>
	<hr/>	<hr/>
<b>Segment liabilities</b>		
Financial services	811	9,838
Securities	–	–
Property	40,309	26,872
Technology & Media	–	–
Food & Beverage	30,097	32,370
	<hr/>	<hr/>
Total segment liabilities	71,217	69,080
Unallocated	4,735	9,628
	<hr/>	<hr/>
Consolidated liabilities	<b>75,952</b>	<b>78,708</b>
	<hr/>	<hr/>

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

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

*Other segment information*

	Additions to non-current assets		Depreciation and amortisation	
	Year ended 30/4/2012 HK\$'000	Year ended 30/4/2011 HK\$'000	Year ended 30/4/2012 HK\$'000	Year ended 30/4/2011 HK\$'000
<b>Segment assets</b>				
Financial services	–	–	102	18
Securities	–	–	–	–
Property	32,355	29,008	–	6
Technology & Media	–	–	36	121
Food & Beverage	565	100	509	868
Unallocated	16,237	31	1,152	964
Total	<u>49,157</u>	<u>29,139</u>	<u>1,799</u>	<u>1,977</u>

**(b) Geographical information**

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

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

	Revenue/(loss)		Segment non-current assets	
	Year ended 30/4/2012 HK\$'000	Year ended 30/4/2011 HK\$'000	At 30/4/2012 HK\$'000	At 30/4/2011 HK\$'000
Hong Kong (country of domicile)	(7,369)	15,686	142,820	129,773
PRC	35,019	36,426	20,238	13,981
Total	<u>27,650</u>	<u>52,112</u>	<u>163,058</u>	<u>143,754</u>

**(c) Information about major customers**

The Group has a very wide customer base, no single customer contributed more than 10% of the Group's revenue for each of the years ended 30 April 2011 and 2012.

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

The principal activities of the Group are providing financial services businesses, securities businesses, property businesses, technology & media businesses and food & beverage businesses.

Turnover represents income from financial services businesses, securities businesses, property businesses, technology & media businesses and food & beverage businesses received or receivable during the year.

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Turnover</b>		
Income from food & beverage businesses	34,597	40,060
Income from technology & media businesses	312	624
Net (loss)/gain on equity investments at fair value through profit or loss	(11,312)	8,279
Financial services income	1,649	1,674
Sale of forfeited collateral	286	361
Gross rental income from investment properties	2,118	1,114
	<u>27,650</u>	<u>52,112</u>
<b>Other revenue</b>		
Bank interest income, being total interest income on financial assets not at fair value through profit or loss	330	647
Dividend income	672	951
Sundry income	213	168
	<u>1,215</u>	<u>1,766</u>
<b>Other gains</b>		
Gain on disposal of a subsidiary	–	4,204
Fair value gain on derivative financial instrument	16,159	–
Net gain on disposal of property, plant and equipment	3,091	577
Written back of accruals	3,600	–
	<u>22,850</u>	<u>4,781</u>

## 5. LOSS FROM OPERATIONS

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories consumed	13,972	14,347
Cost of forfeited collaterals sold	254	295
	<b>14,226</b>	14,642
Staff costs (including directors' emoluments):		
Wages and salaries	18,844	17,432
Retirement benefits scheme contributions	66	139
	<b>18,910</b>	17,571
Auditor's remuneration*	712	623
Depreciation and amortisation	1,799	1,977
Net gain on disposal of property, plant and equipment	(3,091)	(577)
Loss on disposal of investment properties*	182	–
Gain on disposal of a subsidiary	–	(4,204)
Exchange loss, net*	410	1,232
Operating lease rentals	5,020	7,557
Research and development costs*	–	5,000
Rental income from investment properties less direct outgoings of HK\$102,000 (2011: HK\$70,000)	(2,016)	(1,044)
Dividend income from listed securities	(672)	(951)
Impairment loss on goodwill*	2,776	–
Impairment loss on available-for-sale investments*	19,382	–
Impairment loss on other receivable*	220	2,500
Fair value gain on derivative financial instrument	(16,159)	–

\* The item is included in other expenses.

## 6. FINANCE COSTS

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank overdraft interest	–	3
Interest on bank borrowings	508	264
Interest on finance lease	2	4
Total interest expense on financial liabilities not at fair value through profit or loss	<b>510</b>	<b>271</b>

## 7. INCOME TAX

(a) The taxation in the consolidated statement of comprehensive income represents:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Current tax		
PRC Enterprise Income Tax	47	280
Under-provision in prior year		
Hong Kong Profits Tax	<u>22</u>	<u>–</u>
Income tax for the year	<u><b>69</b></u>	<u><b>280</b></u>

Income tax for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Loss before taxation	<u><b>(41,151)</b></u>	<u><b>(10,283)</b></u>
Notional tax on loss before taxation, calculated at the rate applicable to profits in the tax jurisdictions concerned	<b>(6,888)</b>	(2,010)
Income not subject to taxation	<b>(14,190)</b>	(3,483)
Expenses not deductible for taxation purposes	<b>11,531</b>	2,664
Tax losses not yet recognised	<b>10,838</b>	3,644
Tax effect of unrecognised temporary differences	<b>(1,244)</b>	(535)
Under-provision in prior year	<u>22</u>	<u>–</u>
Tax charge	<u><b>69</b></u>	<u><b>280</b></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 tax income for the year in these jurisdictions (2011: Nil).

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

(b) Taxation in the consolidated statement of financial position represents:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
At beginning of the year	21,414	20,247
Provision for the year		
– PRC enterprise income tax	47	280
Taxation paid	<b>(47)</b>	<b>(181)</b>
Exchange adjustment	<u>687</u>	<u>1,068</u>
At end of the year	<u><b>22,101</b></u>	<u><b>21,414</b></u>
Analysed for reporting purposes as:		
PRC enterprise income tax	<u><b>22,101</b></u>	<u><b>21,414</b></u>

## 8. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 30 April 2012 (2011: Nil).

## 9. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the net loss attributable to owners of the Company of HK\$41,220,000 (2011: HK\$7,674,000) and the weighted average number of 5,859,860,900 (2011: 5,859,860,900) ordinary shares in issue during the year.

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of year	7,678	13,852
Additions	14,735	145
Transfer from deposits paid for acquisition of property, plant and equipment and investment properties	2,067	–
Disposals	(4,013)	(4,478)
Disposal of a subsidiary	–	(3)
Depreciation	(1,766)	(1,945)
Exchange adjustments	41	107
	<u>18,742</u>	<u>7,678</u>
Balance at end of year	<u><u>18,742</u></u>	<u><u>7,678</u></u>

## 11. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of year	99,720	63,940
Additions		
– transfer from deposits paid for acquisition of property, plant and equipment and investment properties	2,763	1,600
– acquisitions	16,981	12,394
– capitalised subsequent expenditure	237	–
– through acquisition of a subsidiary (note 15)	12,374	15,000
	32,355	28,994
Disposals	(16,170)	–
Increase in fair value	3,636	6,786
	<u>119,541</u>	<u>99,720</u>
Balance at end of year	<u><u>119,541</u></u>	<u><u>99,720</u></u>

Amounts recognised in profit and loss for investment properties

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Rental income	<b>2,118</b>	1,114
Direct operating expenses from property that generate rental income	<b>(68)</b>	(67)
Direct operating expenses from property that did not generate rental income	<u><b>(34)</b></u>	<u>(3)</u>
	<u><b>2,016</b></u>	<u>1,044</u>

The fair value of the Group's investment properties at 30 April 2012 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. Asset Appraisal Limited has appropriate qualifications and recent experience in the valuation of similar properties. The valuation, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties, was mainly arrived at by reference to comparable market transactions for similar properties.

All of the Group's properties interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Ten investment properties are leased to third parties under operating leases.

The fair values of investment properties shown above comprises:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Land in Hong Kong: Medium-term lease	<b>98,030</b>	89,720
Land outside Hong Kong: Medium-term lease	<u><b>21,511</b></u>	<u>10,000</u>
	<u><b>119,541</b></u>	<u>99,720</u>

## 12. ACCOUNTS RECEIVABLE

	<b>Group</b> <b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Accounts receivable	<b>471</b>	489
Less: Allowance for doubtful debts	<u>-</u>	<u>-</u>
	<u><b>471</b></u>	<u>489</u>

The general credit terms granted by the Group to its customers range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aging analysis of accounts receivable as at the end of the reporting period is as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	160	66
31 – 90 days	41	64
91 – 180 days	28	93
Over 180 days	<u>242</u>	<u>266</u>
	<u><b>471</b></u>	<u><b>489</b></u>

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

	<b>Group</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	201	130
1 to 3 months past due	<u>28</u>	<u>93</u>
3 to 6 months past due	<u>–</u>	<u>45</u>
Over 6 months, but less than 1 year past due	<u>242</u>	<u>221</u>
	<u><b>270</b></u>	<u><b>359</b></u>
	<u><b>471</b></u>	<u><b>489</b></u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

### 13. MONEYLENDING LOAN RECEIVABLES

	<b>Group</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance brought forward	14,655	11,973
Loans advanced	13,983	22,020
Repayment during the year	(5,685)	(19,643)
Exchange adjustments	<u>73</u>	<u>305</u>
Balance carried forward	<u><b>23,026</b></u>	<u><b>14,655</b></u>

The loans bear interest rate ranging from 5.25% to 50.4% (2011: 5.25% to 50.4%) per annum and are repayable according to each of the loan agreements which usually cover periods not more than one year.



a) **Maturity profile**

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

	2012			2011		
	Pawn loans receivable <i>HK\$'000</i>	Unsecured short- term loans receivable <i>HK\$'000</i>	Total <i>HK\$'000</i>	Pawn loans receivable <i>HK\$'000</i>	Unsecured short- term loans receivable <i>HK\$'000</i>	Total <i>HK\$'000</i>
Due within 1 month or on demand	542	–	542	1,600	10,500	12,100
Due after 1 month but within 3 months	446	300	746	335	–	335
Due after 3 months	<u>309</u>	<u>21,429</u>	<u>21,738</u>	<u>1,017</u>	<u>1,203</u>	<u>2,220</u>
	<u><u>1,297</u></u>	<u><u>21,729</u></u>	<u><u>23,026</u></u>	<u><u>2,952</u></u>	<u><u>11,703</u></u>	<u><u>14,655</u></u>

As at 30 April 2012, no moneylending loan receivables were individually determined to be impaired (2011: Nil).

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

	2012			2011		
	Pawn loans receivable <i>HK\$'000</i>	Unsecured short- term loans receivable <i>HK\$'000</i>	Total <i>HK\$'000</i>	Pawn loans receivable <i>HK\$'000</i>	Unsecured short- term loans receivable <i>HK\$'000</i>	Total <i>HK\$'000</i>
Neither past due nor impaired	683	21,624	22,307	1,793	11,703	13,496
Less than 1 month past due	301	–	301	97	–	97
1 to 3 months past due	<u>313</u>	<u>105</u>	<u>418</u>	<u>1,062</u>	<u>–</u>	<u>1,062</u>
	<u><u>1,297</u></u>	<u><u>21,729</u></u>	<u><u>23,026</u></u>	<u><u>2,952</u></u>	<u><u>11,703</u></u>	<u><u>14,655</u></u>

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

As at 30 April 2012, the Group held collaterals, mainly land and buildings, golds and jewellerys, with value of approximately HK\$1,673,000 (2011: approximately HK\$5,415,000) in total over the pawn loans receivable.

#### 14. ACCOUNTS PAYABLE

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>648</b>	462
31 – 90 days	<b>104</b>	87
91 – 180 days	–	–
181 – 360 days	–	–
Over 360 days	<u><b>443</b></u>	<u>429</u>
	<u><b>1,195</b></u>	<u>978</u>

The accounts payable is non-interest bearing and are normally settled on 90-day terms. The carrying amounts of the accounts payable at the end of the reporting period approximates to the fair values.

#### 15. ACQUISITION OF ASSETS AND LIABILITIES

##### (a) Acquisition of assets and liabilities through purchase of House2buy

In February 2012, Kingsmake Limited, a wholly-owned subsidiary of the Company, acquired assets and liabilities through the acquisition of 100% equity interest in House2buy Properties Limited (“House2buy”) for a total consideration of approximately HK\$12,337,000. House2buy is engaged in property investment.

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

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

##### (b) Acquisition of an asset through purchase of Best Profit Global Trading Limited

In May 2011, VG Investment Assets Holdings Incorporated (“VGI”), a wholly-owned subsidiary of the Company, acquired an asset through the acquisition of 100% equity interest in Best Profit Global Trading Limited (“Best Profit”), a property investment holding company, at a consideration of approximately HK\$2,763,000.

An asset acquired in the transaction is as follows:

	<b>Carrying amount and fair value of Best Profit</b> <i>HK\$'000</i>
<b>Asset acquired:</b>	
Deposit paid for acquisition of an investment property	<u>2,763</u>
Total consideration, satisfied by cash	<u>2,763</u>
<b>Net cash outflow arising on acquisition:</b>	
Cash consideration	<u>(2,763)</u>

## 16. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had acquired an investment property and disposed of an investment property. The details are as follows:

- (a) On 16 July 2012, VGI entered into a share sale and purchase agreement with an independent third party for the purchase of the entire issued share capital of a company at a consideration of HK\$52,000,000. The purchased company, through its wholly-owned subsidiary, is the beneficial owner of a retail property located in Kwun Tong.
- (b) On 22 July 2012, Alex Limited entered into a provisional sale and purchase agreement with an independent third party to dispose of an investment property with fair value of HK\$5,700,000 as at 30 April 2012 for a consideration of HK\$6,050,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL PERFORMANCE

For the year ended 30 April 2012, the Group generated turnover of approximately HK\$27.7 million (2011: approximately HK\$52.1 million) with a loss for the year of approximately HK\$41.2 million (2011: approximately HK\$10.6 million). The Group expanded its property investment portfolio by acquiring two investment properties during the year which would strengthen the Property segment's ability to generate increased rental income stream in this sector, while our Securities segment has been operating to achieve appropriate risk-adjusted returns and contributed a net realised and unrealised loss on securities investment during this year due to recent volatility in global economy and Hong Kong stock market conditions. We have also been gradually and partially scaling down our traditional products and operations in the Food & Beverage business during the year, while continuing to seek and explore less capital-intensive ways of operating the food & beverage business. Meanwhile, our Financial Services business has been steady, and we have been exploring and developing investment opportunities in our Technology & Media segment including investing a 19% interest in an internet information company.

We will continue to explore and develop opportunities to invest in businesses, especially those in connection with property, technology & media, and food & beverage.

## **BUSINESS REVIEW**

### ***Financial Services***

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

### ***Securities***

Our securities business recorded a net realised and unrealised loss on trading of securities investment of approximately HK\$11.3 million (2011: gain of approximately HK\$8.3 million), which contributed a loss for our securities segment of approximately HK\$11.9 million (2011: profit of approximately HK\$7.4 million) for the year ended 30 April 2012.

### ***Property***

The revenue of the Group's property business segment was approximately HK\$2.1 million (2011: approximately HK\$1.1 million). The business segment contributed a profit of approximately HK\$5.0 million (2011: profit of approximately HK\$7.6 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property business segment would have been approximately HK\$1.4 million (2011: approximately HK\$0.8 million).

### ***Technology & Media***

Our technology & media business recorded revenue of approximately HK\$0.3 million (2011: approximately HK\$0.6 million) with a business segment loss for the year of approximately HK\$0.2 million (2011: loss of approximately HK\$5.0 million).

### ***Food & Beverage***

During the year, revenue for our food & beverage businesses was approximately HK\$34.6 million (2011: approximately HK\$40.1 million). Excluding the gain of approximately HK\$3.1 million for the disposal of property, our segment loss would have been approximately HK\$2.5 million (2011: loss of approximately HK\$3.3 million).

## **SEASONAL/CYCLICAL FACTORS**

The sales volume during festive periods is normally higher than the sales volume in the slack periods of the year for food & beverage operations.

## **FINANCIAL REVIEW**

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

The Group maintained cash and cash equivalents as at 30 April 2012 amounting to approximately HK\$125.7 million (2011: approximately HK\$197.2 million). The Group's current ratio as at 30 April 2012 was 2.9 (2011: 3.6). The total equity of the Group amounted to approximately HK\$308.2 million (2011: approximately HK\$348.9 million) as at 30 April 2012.

## ***Gearing***

The gearing ratio, as a ratio of bank borrowings and finance lease payable to total equity, was 0.13 as at 30 April 2012 (2011: 0.08).

## ***Exchange Rate Exposure***

As at 30 April 2012, the Group's cash and cash equivalents amounted to approximately HK\$125.6 million, the majority of which was in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities is denominated in Hong Kong dollars, United States dollars and Renminbi, with relatively stable exchange rates of Renminbi to Hong Kong dollars and Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group has minimal exposure to exchange rate fluctuations.

## ***Treasury Policies***

The Group generally finances its ordinary operations with internally generated resources and bank borrowings. The interest rates of borrowings, if applicable, are generally charged by reference to prevailing market rates.

## ***Contingent Liabilities***

In December 2005, a legal action was commenced by a former employee of Kamboat Chinese Cuisine Company Limited ("KCCC"), a wholly owned subsidiary of the Company, against KCCC for the claim of approximately HK\$1,569,000 for personal injuries, loss and damages suffered during work in KCCC. In the opinion of the directors, such claim should be adequately covered by the Group's insurance. Hence, no provision has been made in the financial statements.

## ***Commitments***

The Group had capital commitments, which were contracted but not provided for, in respect of purchase of property, plant and equipment and investment properties amounting to HK\$nil as at 30 April 2012 (2011: approximately HK\$13.2 million).

## **FUTURE PROSPECTS**

The market environment remains challenging for the global economy in 2012. The unresolved European debt crisis and staggering U.S. economy, together with tightening macroeconomic policies in the PRC, will continue to affect international investment sentiment and the global economy. Under the influence of financial uncertainties around the globe, the Hong Kong and PRC economies are likely to remain uncertain in the near future.

In light of these uncertainties, the Group will seek to explore business opportunities involving but not limited to our existing businesses and consider whether to make any investment in assets and/or businesses and/or cooperate with other business partners in order to enhance its growth and future development.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 April 2012, the Group had 158 (2011: 180) 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 2012.

## **CORPORATE GOVERNANCE REPORT**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") with certain exceptions as follows:

1. According to the Code provisions, the non-executive directors should be appointed for a specific term, subject to re-election. All directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.
2. In accordance with the code provision, the role of chairman and chief executive officer ("CEO") should be performed by different individuals. Since September 2005, Mr Vong Tat Ieong, David, who is director and CEO of the Company, has also carried out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Company for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Company's development strategies.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the directors (the "Model Code"). Having made specific enquiry with all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the year.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors. Amongst other duties, the principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company.

The Group's final results for the year ended 30 April 2012 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF CCIF CPA LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2012 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

## **PUBLICATION OF FINANCIAL INFORMATION**

The results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.thevongroup.com](http://www.thevongroup.com)). The Company's 2012 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, 27 July 2012

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

\* *For identification purpose only*