

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

vongroup

Vongroup Limited

黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2013

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 2013, 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 2013

		Unaudited Six months ended 31 October	
	Note	2013 HK\$'000	2012 HK\$'000
Turnover	4	15,924	15,419
Other revenue	4	1,141	1,262
Other gains	4	–	777
Cost of inventories consumed		(3,966)	(4,781)
Cost of forfeited collateral sold		–	–
Staff costs		(8,919)	(6,177)
Operating lease rentals		(2,682)	(2,672)
Depreciation and amortisation		(900)	(1,071)
Other expenses		(7,800)	(9,990)
Change in fair value of investment properties		3,790	865
Loss from operations	5	(3,412)	(6,368)
Finance costs	6	(258)	(536)
Loss before taxation		(3,670)	(6,904)
Income tax	7	–	–

	Unaudited	
	Six months ended 31 October	
	2013	2012
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(3,670)	(6,904)
Other comprehensive income/(expense)		
Exchange differences arising on translation of foreign operations	<u>552</u>	<u>(4)</u>
Total comprehensive expense for the period	<u>(3,118)</u>	<u>(6,908)</u>
Loss for the period attributable to:		
Owners of the Company	<u>(3,670)</u>	<u>(6,904)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<u>(3,118)</u>	<u>(6,908)</u>
Loss per share		
Basic and diluted	9 <u>(HK\$0.0006)</u>	<u>(HK\$0.0012)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2013

	<i>Note</i>	31 October 2013 HK\$'000 (unaudited)	30 April 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	16,312	17,093
Lease premium for land		1,411	1,392
Investment properties	11	186,541	182,751
Goodwill		4,631	4,631
Deposits paid in respect of acquisition of property, plant and equipment		367	274
Available-for-sale investments		<u>16,882</u>	<u>16,882</u>
		<u>226,144</u>	<u>223,023</u>
Current assets			
Lease premium for land		34	34
Inventories		7,051	6,979
Forfeited collateral held for sale		544	493
Accounts receivable	12	437	273
Moneylending loan receivables	13	4,517	4,784
Deposits, prepayments and other receivables	14	30,234	24,700
Equity investments at fair value through profit or loss		24,824	26,877
Tax recoverable		–	22
Cash and cash equivalents		<u>77,552</u>	<u>87,431</u>
		<u>145,193</u>	<u>151,593</u>
Current liabilities			
Accounts payable	15	1,978	1,704
Accruals and deposits received		13,091	13,072
Tax payables		22,661	22,101
Finance lease payable – current portion		118	125
Bank borrowings		<u>36,947</u>	<u>37,904</u>
		<u>74,795</u>	<u>74,906</u>
Net current assets		<u>70,398</u>	<u>76,687</u>
Total assets less current liabilities		<u>296,542</u>	<u>299,710</u>
Non-current liabilities			
Finance lease payable – long-term portion		<u>20</u>	<u>70</u>
		<u>20</u>	<u>70</u>
NET ASSETS		<u><u>296,522</u></u>	<u><u>299,640</u></u>
Capital and reserves			
Share capital		5,860	5,860
Reserves		<u>290,662</u>	<u>293,780</u>
TOTAL EQUITY		<u><u>296,522</u></u>	<u><u>299,640</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2013

	Unaudited						
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Statutory surplus Reserve <i>HK\$'000</i>	Exchange fluctuation Reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 May 2012 (audited)	5,860	533,020	262	270	1,686	(232,856)	308,242
Loss for the period	-	-	-	-	-	(6,904)	(6,904)
Exchange difference arising on translation of foreign operations	-	-	-	-	(4)	-	(4)
Total comprehensive expense for the period	-	-	-	-	(4)	(6,904)	(6,908)
At 31 October 2012	<u>5,860</u>	<u>533,020</u>	<u>262</u>	<u>270</u>	<u>1,682</u>	<u>(239,760)</u>	<u>301,334</u>
At 1 May 2013 (audited)	5,860	533,020	262	270	1,685	(241,457)	299,640
Loss for the period	-	-	-	-	-	(3,670)	(3,670)
Exchange difference arising on translation of foreign operations	-	-	-	-	552	-	552
Total comprehensive expense for the period	-	-	-	-	552	(3,670)	(3,118)
At 31 October 2013	<u>5,860</u>	<u>533,020</u>	<u>262</u>	<u>270</u>	<u>2,237</u>	<u>(245,127)</u>	<u>296,522</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2013

	Six months ended 31 October	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (outflow)/inflow from operating activities	(10,078)	17,995
Net cash inflow/(outflow) from investing activities	444	(52,675)
Net cash outflow from financing activities	<u>(1,272)</u>	<u>(1,531)</u>
Net decrease in cash and cash equivalents	(10,906)	(36,211)
Cash and cash equivalents at beginning of the period	87,431	125,647
Effect of foreign exchange rate changes	<u>1,027</u>	<u>(4)</u>
Cash and cash equivalents at end of the period	<u><u>77,552</u></u>	<u><u>89,432</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2013

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 equity investments 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 2013.

Adoption of new and revised HKFRSs effective in the current period

In the current period, the Group has adopted all the new or revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 May 2013. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s Interim Financial Statements and amounts reported for the current period and prior periods.

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

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”), senior executive management, 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 reportable segments. These segments are managed separately. No operating segments have been aggregated.

- | | |
|-----------------------------------|--|
| 1. Financial services: | Consumer finance, moneylending, other financial/business services and related activities |
| 2. Securities: | Securities and related activities |
| 3. Property: | Real property and related activities |
| 4. Technology & Media: | Technology & media and related activities |
| 5. Food & Beverage: | Catering services, other food & beverage businesses and related activities |
| 6. Corporate treasury management: | Management of treasury activities of the Group and related activities |

The Group has changed its internal reporting structure during the year ended 30 April 2013. Accordingly, the comparative segment information has been restated to reflect the current reporting structure.

(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:

	<u>Unaudited</u>		<u>Unaudited</u>	
	Segment revenue/(loss)		Segment profit/(loss)	
	Six months ended		Six months ended	
	31 October		31 October	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial services	131	574	53	72
Securities	1,581	(661)	1,907	(104)
Property	2,691	1,444	6,035	2,462
Technology & Media	–	115	(1,214)	(177)
Food & Beverage	11,521	13,947	(3,100)	(2,083)
Corporate treasury management	5,969	5,657	–	–
Elimination	(5,969)	(5,657)	–	–
Total	<u>15,924</u>	<u>15,419</u>	<u>3,681</u>	170
Unallocated items:				
Other revenue			405	405
Administrative and other operating expense			(7,498)	(6,943)
Finance costs			(258)	(536)
Loss before taxation			(3,670)	(6,904)
Income tax			–	–
Loss for the period			<u>(3,670)</u>	<u>(6,904)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2012: Nil).

(b) Geographical segments

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 and securities businesses are carried out mainly in Hong Kong.

The following is an analysis of geographical location of (i) the Group's revenue and (ii) the Group's non-current assets as specified below. The geographical location of Group's revenue refers to the location at which the services were provided or the goods 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 goodwill. The geographical locations of property, plant and equipment, investment properties, lease premium for land and deposits paid for acquisition of property, plant and equipment 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.

	<u>Revenue</u>		<u>Segment non-current assets</u>	
	<u>Six months ended 31 October</u>		<u>At</u>	<u>At</u>
	<u>2013</u>	<u>2012</u>	<u>31/10/2013</u>	<u>30/4/2013</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(audited)</u>
Hong Kong (place of domicile)	4,364	1,619	191,459	188,113
PRC	11,560	13,800	17,803	18,028
Total	<u>15,924</u>	<u>15,419</u>	<u>209,262</u>	<u>206,141</u>

(c) Information about major customers

The Group has a very wide customer base and no single customer contributed more than 10% of the Group's revenue for each six-month period ended 31 October 2013 and 2012.

4. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

The Group is principally engaged in 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 period.

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

	Six months ended 31 October	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Turnover		
Income from food & beverage businesses	11,521	13,947
Income from technology & media businesses	–	115
Net gain/(loss) on equity investments at fair value through profit or loss	1,581	(661)
Financial services income	131	574
Gross rental income from investment properties	<u>2,691</u>	<u>1,444</u>
	<u>15,924</u>	<u>15,419</u>
Other revenue		
Bank interest income	53	72
Other interest income	<u>405</u>	<u>405</u>
Total interest income on financial assets not at fair value through profit or loss	458	477
Dividend income from listed securities	564	760
Sundry income	<u>119</u>	<u>25</u>
	<u>1,141</u>	<u>1,262</u>
Other gains		
Gain on disposal of an investment property	–	290
Gain from deregistration of a jointly-controlled entity	–	470
Exchange gain, net	<u>–</u>	<u>17</u>
	<u>–</u>	<u>777</u>

5. LOSS FROM OPERATIONS

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

	Six months ended 31 October	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Staff costs (including directors' remuneration)	8,919	6,177
Net exchange loss/(gain)	708	(17)
Net realised (gain)/loss on equity investments at fair value through profit or loss	(984)	1,031
Net unrealised gain on equity investments at fair value through profit or loss	(597)	(370)
Gain on disposal of an investment property	–	(290)
Gross rental income from investment properties less direct outgoings HK\$44,000 (31 October 2012: HK\$41,000)	<u>(2,647)</u>	<u>(1,403)</u>

6. FINANCE COSTS

	Six months ended 31 October	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	250	273
Interest on finance lease	4	7
Other interest paid	4	256
	<u>258</u>	<u>536</u>

7. INCOME TAX

	Six months ended 31 October	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profits tax:		
PRC enterprise income tax	<u>-</u>	<u>-</u>

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 (2012: 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 2013 (2012: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the unaudited condensed consolidated loss for the six months ended 31 October 2013 of HK\$3,670,000 (six months ended 31 October 2012: loss of HK\$6,904,000) and on the weighted average number of 5,859,860,900 (six months ended 31 October 2012: 5,859,860,900) shares in issue during the current period.

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

10. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the period are summarised as follows:

	HK\$'000
	(unaudited)
Carrying values as at 1 May 2013 (audited)	17,093
Additions	67
Transfer from deposit paid for acquisition of property, plant and equipment	13
Depreciation	(883)
Exchange adjustments	22
	<u>16,312</u>
Carrying values as at 31 October 2013	<u>16,312</u>

11. INVESTMENT PROPERTIES

The movements in investment properties during the period are summarised as follows:

	<i>HK\$'000</i> (unaudited)
Carrying values as at 1 May 2013 (audited)	182,751
Increase in fair value of investment properties	<u>3,790</u>
Carrying values as at 31 October 2013	<u><u>186,541</u></u>

An unrealised gain on increase in fair value of investment properties of approximately HK\$3.79 million (six months ended 31 October 2012: gain of approximately HK\$0.87 million) has been recognised in the condensed consolidated statement of comprehensive income. The fair value of the Group's investment properties as at 31 October 2013 has been arrived at on the basis of a valuation carried out by an independent valuer. The valuation of the Group's investment properties has been arrived at by using direct comparison method where comparison based on price information on comparable properties is made.

12. ACCOUNTS RECEIVABLE

The general credit terms granted by the Group to its customers ranged 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:

	31 October 2013 <i>HK\$'000</i> (unaudited)	30 April 2013 <i>HK\$'000</i> (audited)
Within 30 days	75	22
31-90 days	18	41
91-180 days	62	3
Over 180 days	<u>282</u>	<u>207</u>
	<u><u>437</u></u>	<u><u>273</u></u>

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

	31 October 2013 <i>HK\$'000</i> (unaudited)	30 April 2013 <i>HK\$'000</i> (audited)
Neither past due nor impaired	155	66
1 to 3 months past due	-	-
3 to 6 months past due	87	-
Over 6 months, but less than 1 year past due	<u>195</u>	<u>207</u>
	<u><u>282</u></u>	<u><u>207</u></u>
	<u><u>437</u></u>	<u><u>273</u></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

	31 October 2013	30 April 2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Balance brought forward	4,784	23,026
Loans advanced	961	970
Repayment during the period/year	(1,255)	(19,212)
Exchange adjustment	27	–
	<u>4,517</u>	<u>–</u>
Balance carried forward	<u><u>4,517</u></u>	<u><u>4,784</u></u>

The loans bear interest rate ranging from 1% to 50.4% (30 April 2013: 5.25% to 50.4%) per annum and are repayable according to 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 maturity dates, is as follows:

	<u>At 31 October 2013</u>			<u>At 30 April 2013</u>		
	Pawn loans receivable HK\$'000	Unsecured Short-term loans receivable HK\$'000	Total HK\$'000	Pawn loans receivable HK\$'000	Unsecured Short-term loans receivable HK\$'000	Total HK\$'000
Due within 1 month or on demand	870	376	1,246	1,001	3,351	4,352
Due after 1 month but within 3 months	–	25	25	68	–	68
Due after 3 months	–	3,246	3,246	–	364	364
	<u>870</u>	<u>3,647</u>	<u>4,517</u>	<u>1,069</u>	<u>3,715</u>	<u>4,784</u>

As at 31 October 2013, no moneylending loan receivables were individually determined to be impaired (30 April 2013: Nil).

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

	At 31 October 2013			At 30 April 2013		
	Pawn loans receivable HK\$'000	Unsecured Short-term loans receivable HK\$'000	Total HK\$'000	Pawn loans receivable HK\$'000	Unsecured Short-term loans receivable HK\$'000	Total HK\$'000
Neither past due nor impaired	136	3,283	3,419	478	3,351	3,829
Less than 1 month past due	63	-	63	282	-	282
1 to 3 months past due	-	-	-	-	-	-
Over 3 months past due	671	364	1,035	309	364	673
	<u>870</u>	<u>3,647</u>	<u>4,517</u>	<u>1,069</u>	<u>3,715</u>	<u>4,784</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 31 October 2013, the Group held collaterals, mainly land and buildings, gold and jewellery, with value of approximately HK\$912,000 (30 April 2013: approximately HK\$1,702,000) in total over the pawn loans receivable.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	31 October 2013 HK\$'000 (unaudited)	30 April 2013 HK\$'000 (audited)
Prepayments	984	2,856
Rental and other deposits	9,108	1,357
Credit card receivables	29	109
Rent receivables	184	667
Loan interest receivables	26	131
Staff advances (note (i))	103	150
Other receivables (note (ii))	22,520	22,150
Less: Impairment	(2,720)	(2,720)
Other receivables, net	<u>19,800</u>	<u>19,430</u>
	<u>30,234</u>	<u>24,700</u>

Note: (i) The Group's staff advances represent advances to non-director employees. The advances are unsecured, non-interest bearing and are repayable in accordance with the repayment schedules agreed by the staff and the Group.

(ii) Included in other receivables is an amount of approximately HK\$17,367,000 which represents the termination right of approximately HK\$16,962,000 arising from termination of the available-for-sale investments in relation of Tian Da and other interest income receivable of approximately HK\$405,000.

The movements in the allowance for other receivables during the period is as follows:

	31 October 2013 HK\$'000 (unaudited)	30 April 2013 HK\$'000 (audited)
Brought forward	(2,720)	(2,720)
Impairment loss recognised	<u>—</u>	<u>—</u>
Carried forward	<u>(2,720)</u>	<u>(2,720)</u>

The impairment loss recognised was a provision for the long outstanding receivable from an individual debtor and this receivable was not expected to be recovered. The Group did not hold any collateral or other credit enhancement over this balance.

Except for rental and other deposits, all of the deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

15. ACCOUNTS PAYABLE

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

	31 October 2013 HK\$'000 (unaudited)	30 April 2013 HK\$'000 (audited)
0 – 30 days	445	443
31 – 90 days	1,004	691
91 – 180 days	56	90
181 – 360 days	15	35
Over 360 days	<u>458</u>	<u>445</u>
	<u>1,978</u>	<u>1,704</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.

16. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 11) under operating lease arrangement, with leases negotiated generally for terms of two years. The terms of the leases generally also require the lessee to pay a security deposit.

As at 31 October 2013, the Group had total future minimum lease receivables under non-cancellable operating lease with lessees falling due as follows:

	31 October 2013 HK\$'000 (unaudited)	30 April 2013 HK\$'000 (audited)
Within one year	4,372	4,861
In the second to fifth years, inclusive	<u>719</u>	<u>1,985</u>
	<u>5,091</u>	<u>6,846</u>

(b) As lessee

As at 31 October 2013, the Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	31 October 2013 HK\$'000 (unaudited)	30 April 2013 HK\$'000 (audited)
Within one year	6,532	6,535
In the second to fifth years, inclusive	<u>17,918</u>	<u>20,614</u>
	<u>24,450</u>	<u>27,149</u>

The Group leases restaurant premises and offices under non-cancellable operating lease arrangements with lease terms ranging from two to six years.

17. 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 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the six months ended 31 October 2013, the Group generated turnover of approximately HK\$15.9 million (2012: approximately HK\$15.4 million) with a loss for the period of approximately HK\$3.7 million (2012: approximately HK\$6.9 million). The reduction in loss for the period was mainly due to steady growth in rental income in our Property segment, and increase in the fair value gain in investment properties and in our Securities segment. Our Financial Services segment has been facing more competition and we are continuing to seek different market strategies to enhance our income stream. Our Property segment contributed a steady rental income over the past few years, and our Securities segment has been operating to target risk-adjusted returns and has seen improvement during this period. The Group continues to operate a Chinese restaurant in the PRC, and our Food & Beverage segment has seen improvement in its gross profit margin over the past few years as the Group has been gradually and partially scaling down its traditional products. During the period under review, we have been continuing to explore different potential business or investment opportunities in our Property, Technology & Media and Food & Beverage segments to strengthen our income sources. Our Corporate Treasury management segment has been continuing to engage in managing of treasury activities, and has been actively pursuing efficient allocation of the financial resources within the Group.

Business Review

Financial Services

During this period, the revenue of our financial services segment reflected no significant change as compared to the corresponding period in last year.

Securities

Our securities segment recorded a net realised and unrealised gain on trading of securities investments of approximately HK\$1.6 million (2012: loss of approximately HK\$0.7 million), which contributed a profit for our securities segment of approximately HK\$1.9 million (2012: loss of approximately HK\$0.1 million) for the six months ended 31 October 2013.

Property

The revenue of the Group's property segment was approximately HK\$2.7 million (2012: approximately HK\$1.4 million). The business segment contributed a profit of approximately HK\$6.0 million (2012: profit of approximately HK\$2.5 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property segment would have been approximately HK\$2.2 million (2012: profit of approximately HK\$1.6 million).

Technology & Media

Our technology & media segment recorded revenue of approximately HK\$nil (2012: HK\$0.1 million) with a segment loss for the period of approximately HK\$1.2 million (2012: loss of approximately HK\$0.2 million).

Food & Beverage

During the period, revenue for our food & beverage segment was approximately HK\$11.5 million (2012: approximately HK\$13.9 million), which contributed a segment loss of approximately HK\$3.1 million (2012: loss of approximately HK\$2.1 million) for the six months ended 31 October 2013.

Seasonal/Cyclical Factors

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

Prospects

The second half of the financial year is expected to remain challenging for the Group as the global economy will continue to be impacted by uncertainties. We will remain focused on improving our business performance and exploring different potential business or investment opportunities to capture new business developments so as to optimise value for our shareholders.

Financial Review

Liquidity and Financial Resources

The Group maintained cash and cash equivalents as at 31 October 2013 amounting to approximately HK\$77.6 million (30 April 2013: approximately HK\$87.4 million). The Group's current ratio as at 31 October 2013 was 1.9 (30 April 2013: 2.0). The total equity of the Group amounted to approximately HK\$296.5 million (30 April 2013: approximately HK\$299.6 million) as at 31 October 2013.

Gearing

The gearing ratio, as a ratio of bank borrowings and finance lease payable to total equity, was 0.13 as at 31 October 2013 (30 April 2013: 0.13).

Exchange Rate Exposure

As at 31 October 2013, the Group's cash and cash equivalents amounted to approximately HK\$77.6 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.

Employment and Remuneration Policy

As at 31 October 2013, the Group had 115 (30 April 2013: 144) 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.

OTHER INFORMATION

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 October 2013, the interests of the Directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out as follows:

Name	Company	Capacity	Interest in shares	Appropriate percentage of shareholding
Mr. Vong Tat Jeong, David (<i>note</i>)	The Company	Held through a controlled corporation	3,962,000,000 ordinary shares	67.61%

Note: The interest of Vong Tat Jeong, David is held by Vongroup Holdings Limited, of which he is the ultimate beneficial owner.

Save as disclosed above, as at 31 October 2013, none of the Directors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under "Share Option Scheme" below, at no time during the six months ended 31 October 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in or any other body corporate.

Share Option Scheme

The Company adopted a new share option scheme on 30 September 2011 (the “New Share Option Scheme”). Pursuant to the New Share Option Scheme, the Directors of the Company, at their discretion, may grant options to Directors, officers and employees (whether full time or part-time) of the Company or a subsidiary and any other groups or classes of suppliers, customers, sub-contractors or agents of the Group from time to time determined by the Directors as having contributed or may contribute to the development and growth of the Group. However, no share options were outstanding nor granted during the period of six months ended 31 October 2013.

Substantial Shareholders’ Interests in Shares and Underlying Shares

As at 31 October 2013, the register required to be kept by the Company pursuant to section of the SFO showed that, other than the interests disclosed above in respect of the Directors or chief executive of the Company, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

Save as disclosed above, as at 31 October 2013, the Company had not been notified by any person, other than the Director or chief executive of the Company, whose interests are disclosed under the heading “Directors’ and Chief Executive’s Interests in Shares, Underlying shares and Debentures” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

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 2013.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2013 (31 October 2012: nil).

Purchase, Sale or Redemption of listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the period.

Audit Committee

During the current period, the Audit Committee of the Company comprised three independent non-executive directors, namely, Mr. Fung Ka Keung David, Dr. Lam Lee G. and Ms. 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 2013.

Compliance with the Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 31 October 2013 except for the deviations from the code provisions as described below.

- (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 its articles of association, 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 CG Code.
- (2) In accordance with the code provision, the role of chairman and chief executive officer (“CEO”) should be performed by different individuals. Mr. Vong Tat Ieong, David, who is a director and the CEO of the Company, has also been carrying out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Group for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Group’s development strategies.

Appreciation

I would like to take this opportunity to thank my fellow directors for their invaluable advice and guidance, and to all of our staff for their hard work and loyalty to the Group.

By order of the Board
Vong Tat Ieong, David
Executive Director

Hong Kong, 30 December 2013

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