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 2019 AND RESUMPTION OF TRADING

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 2019 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**33,953**	23,541
Other revenue	*4*	**1,085**	1,068
Other gains	*4*	**5**	35
Cost of inventories consumed		**–**	(1,947)
Staff costs		**(6,971)**	(5,478)
Operating lease rentals		**(644)**	(610)
Depreciation		**(773)**	(773)
Operating expenses		**(10,226)**	(8,402)
Administrative expenses		**(4,172)**	(3,749)
Net impairment losses recognised in respect of financial assets at amortised cost		**(4,679)**	–
Change in fair value of investment properties		**15,320**	35,817
Profit from operations	*5*	**22,898**	39,502
Finance costs	*6*	**(640)**	(535)
Profit before taxation		**22,258**	38,967
Income tax	*7*	**(98)**	(191)
Profit for the year		**22,160**	38,776
Other comprehensive (loss)/income for the year, net of tax			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of investment property		**–**	1,231
Changes in fair value of financial assets at fair value through other comprehensive income		**(15,861)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating of foreign operations		**(1,551)**	1,966
Other comprehensive (loss)/income for the year, net of tax		**(17,412)**	3,197
Total comprehensive income for the year attributable to the owners of the Company		**4,748**	41,973
Earnings per share *(HK$)*	*9*		
– Basic and diluted		**0.1153**	0.2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Non-current assets			
Property, plant and equipment		**13,092**	13,838
Investment properties		**246,697**	232,073
Deposits paid for acquisition of property, plant and equipment		**364**	367
Available-for-sale investments		**–**	48,499
Financial assets at fair value through profit or loss		**1,650**	–
Financial assets at fair value through other comprehensive income		**24,139**	–
		285,942	294,777
Current assets			
Forfeited collateral held for sale		**723**	768
Accounts receivable	*10*	**33,641**	16,924
Loans and advances to money lending customers		**9,957**	12,851
Deposits, prepayments and other receivables		**45,200**	40,596
Financial assets at fair value through profit or loss		**8,274**	17,355
Cash and bank balances		**34,434**	34,626
		132,229	123,120
Current liabilities			
Accruals and deposits received		**7,075**	4,312
Bank borrowings		**26,295**	28,188
Tax payables		**829**	829
		34,199	33,329
Net current assets		**98,030**	89,791
Total assets less current liabilities		**383,972**	384,568
Non-current liabilities			
Deferred tax liabilities		**896**	801
NET ASSETS		**383,076**	383,767
CAPITAL AND RESERVES			
Share capital		**7,688**	7,688
Reserves		**375,388**	376,079
TOTAL EQUITY		**383,076**	383,767

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements are set out in Note 2.

(b) Basis of preparation of the consolidated financial statements

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand (HK$'000) except otherwise indicated. Hong Kong dollar is the functional currency of the Company and of the most of the subsidiaries.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The above new HKFRSs have been applied in accordance with the relevant transition provision in respective standards and amendments which result in change in accounting policies, amounts reported and/or disclosures as described below.

(a) Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	**At 30 April 2018** *HK$'000*	**HKFRS 9** *HK$'000*	**At 1 May 2018** *HK$'000*
Non-current assets			
Available-for-sale investments ("AFS")	48,499	(48,499)	–
Financial assets at fair value through profit or loss ("FVTPL")	–	1,650	1,650
Financial assets at fair value through other comprehensive income ("FVTOCI")	–	47,754	47,754
Deposits paid for acquisition of property, plant and equipment	367	(3)	364
Current assets			
Accounts receivable	16,924	(2,512)	14,412
Loans and advances to money lending customers	12,851	(1,660)	11,191
Deposits, prepayments and other receivables	40,596	(2,169)	38,427
Net current assets	89,791	(6,341)	83,450
Total assets less current liabilities	384,568	(5,439)	379,129
Net assets	383,767	(5,439)	378,328
Capital and reserves			
Reserves	376,079	(5,439)	370,640
Total equity	383,767	(5,439)	378,328

(b) HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 May 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 May 2018. The difference between carrying amounts as at 30 April 2018 and the carrying amounts as at 1 May 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 disclosed in the consolidated financial statements.

Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 May 2018.

Classification and measurement

	Available-for-sale investments	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Deposits paid for acquisition of property, plant and equipment	Accounts receivable	Loans and advances to money lending customers	Deposits and other receivables
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balances at 30 April 2018	48,499	–	–	367	16,924	12,851	40,596
Effect arising from initial application of HKFRS 9:							
Reclassification from available-for-sale investments	(48,499)	46,967	1,532	–	–	–	–
Re-measurement:							
Impairment under ECL	–	–	–	(3)	(2,512)	(1,660)	(2,169)
Fair value changes	–	787	118	–	–	–	–
Opening balances at 1 May 2018	–	47,754	1,650	364	14,412	11,191	38,427

Note:

(i) Reclassification from AFS to financial assets at FVTPL

The investment in club memberships of the Group with aggregated amount of approximately HK$1,650,000 as at 1 May 2018 were reclassified from AFS to financial assets at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. A fair value gain of approximately HK$118,000 relating to club memberships previously carried at cost less impairment were adjusted to accumulated losses at 1 May 2018.

(ii) Reclassification from AFS to financial assets at FVTOCI

The investment in unlisted equity securities of the Group with aggregated amount of approximately HK$47,754,000 as at 1 May 2018 were reclassified from available-for-sale investments to financial assets at FVTOCI. These investments are not held for trading and not expected to be sold in the foreseeable future. The unlisted equity securities do not have a quoted market price in an active market and are measured at cost less impairment under HKAS 39. A fair value gain of approximately HK$787,000 were adjusted to financial assets at FVTOCI reserves at 1 May 2018.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 May 2018 have not been impacted by the initial application of HKFRS 9.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on internal credit rating and/or past due analysis. The Group has therefore estimated the expected loss rates for the accounts receivable on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits paid for acquisition of property, plant and equipment, loans and advances to money lending customers, deposit and other receivables and cash and bank balances, are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

All loss allowances including accounts receivable and other financial assets at amortised cost as at 30 April 2018 reconciled to the opening loss allowances as at 1 May 2018 are as follows:

	Deposits paid for acquisition of property, plant and equipment *HK'000*	**Accounts receivable** *HK'000*	**Loans and advances to money lending customers** *HK'000*	**Deposits and other receivables** *HK'000*	**Total** *HK'000*
At 30 April 2018 – HKAS 39	–	–	–	2,720	2,720
Amounts re-measured through accumulated losses	3	2,512	1,660	2,169	6,344
At 1 May 2018 – HKFRS 9 (restated)	3	2,512	1,660	4,889	9,064

The impact of these changes on the Group's reserves is as follows:

	Financial assets at fair value through other comprehensive income reserve *HK$'000*	**Accumulated losses** *HK'000*
At 30 April 2018 – HKAS 39	–	(240,374)
Change in fair value of financial assets at fair value through profit or loss	–	118
Change in fair value of financial assets at fair value through other comprehensive income	787	–
Impairment under ECL model	–	(6,344)
At 1 May 2018 – HKFRS 9 (restated)	787	(246,600)

(c) HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 May 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 May 2018. The Group recognises revenue from the following major sources which arise from contracts with customers:

- Service income from food & beverage business
- Service income from technology & media business
- Service income from financial services business

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in the consolidated financial statements.

As a result of the changes in the Group's accounting policies, as explained above, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any significant impact on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements with effect from 1 May 2018.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive directors, being the Group's chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

(a) Segment revenue, results, assets and liabilities

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

Segment assets principally comprise all tangible assets and current assets with the exception of certain available-for-sale investments, financial assets at fair value through profit or loss and other corporate assets. Segment liabilities include accruals and deposits received, tax payables and deferred tax liabilities attributable to the operating activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales or financing activities generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

Segment revenue and results

Information regarding the Group's reportable segments as provided to the Group's CODM for the purpose of resources allocation and assessment of segment performance for the years ended 30 April 2019 and 2018 is set out below.

	Segment revenue		**Segment results**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers:				
Financial services	**3,458**	3,139	**2,419**	2,390
Securities	**(1,554)**	2,691	**(1,843)**	2,672
Property	**5,115**	3,937	**19,614**	39,024
Technology & Media	**22,344**	9,454	**16,342**	1,636
Food & Beverage	**4,590**	4,320	**2,378**	2,373
Inter-segment:				
Corporate treasury management	**29,805**	7,122	**–**	–
Segment total	**63,758**	30,663	**38,910**	48,095
Elimination	**(29,805)**	(7,122)	**–**	–
Total	**33,953**	23,541	**38,910**	48,095
Unallocated items:				
Other revenue and other gains			**1,004**	1,003
Unallocated corporate expenses			**(17,016)**	(9,596)
Finance costs			**(640)**	(535)
Profit before taxation			**22,258**	38,967
Income tax			**(98)**	(191)
Profit for the year			**22,160**	38,776

Funds financing activities between segments are carried out at mutually agreed terms.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other revenue and other gains, corporate expenses and finance costs of the Group that are not allocated to individual segments are classified as unallocated items. This is the measurement basis reported to the CODM for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities

	2019	2018
	HK$'000	*HK$'000*
Segment assets		
Financial services	**26,921**	30,849
Securities	**8,274**	17,356
Property	**249,109**	235,267
Technology & Media	**75,373**	72,338
Food & Beverage	**4,418**	7,546
Corporate treasury management	**19,880**	17,331
Total reportable segment assets	**383,975**	380,687
Unallocated property, plant and equipment	**13,078**	13,816
Unallocated available-for-sale investments	**–**	1,532
Unallocated financial assets at fair value through profit or loss	**1,650**	–
Unallocated cash and bank balances	**174**	307
Unallocated other receivables	**18,544**	20,653
Unallocated corporate assets	**750**	902
Consolidated total assets	**418,171**	417,897
Segment liabilities		
Financial services	**170**	180
Property	**28,997**	30,640
Technology & Media	**1,392**	560
Total reportable segment liabilities	**30,559**	31,380
Unallocated liabilities	**4,536**	2,750
Consolidated total liabilities	**35,095**	34,130

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

– segment assets exclude certain property, plant and equipment, available-for-sale investments, financial assets at fair value through profit or loss, unallocated cash and bank balances, unallocated other receivables and other unallocated corporate assets as these assets are managed on a group basis.

– segment liabilities exclude certain accruals and deposits received and other unallocated corporate liabilities as these liabilities are managed on a group basis.

	Additions to non-current assets*		**Depreciation**		**Bank interest income**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Financial services	**–**	–	**5**	11	**74**	97
Property	**–**	–	**–**	–	**1**	–
Securities	**–**	–	**–**	–	**5**	–
Technology & Media	**–**	–	**117**	117	**1**	–
Food & Beverage	**–**	–	**–**	–	**–**	3
Corporate treasury management	**–**	–	**–**	–	**–**	–
Unallocated	**28**	1,023	**651**	645	**38**	–
Total	**28**	1,023	**773**	773	**119**	100

* Additions to non-current assets excluded financial assets.

(b) Geographical information

The Group's operations are mainly located in Hong Kong, the People's Republic of China (the "PRC") and Macau.

Information about the Group's revenue from external customers is presented based on the location of goods physically delivered to or location of services provided to customers and the location of the investments being listed. Information about its non-current assets is based on geographical location of the assets.

	Revenue		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**33,156**	22,935	**259,730**	268,897
The PRC	**509**	518	**8,736**	9,196
Macau	**288**	88	**17,476**	16,684
Total	**33,953**	23,541	**285,942**	294,777

(c) Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A (Note)	**N/A**	3,600

Note: No information on revenue for the year ended 30 April 2019 was disclosed for this customer, which did not contribute 10% or more than to the Group's revenue for the year ended 30 April 2019.

4. REVENUE, OTHER REVENUE AND OTHER GAINS

An analysis of the Group's revenue for the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Disaggregation of revenue from contracts with customers		
Recognised at a point in time		
Service income from technology & media business	**22,344**	9,454
Service income from food & beverage business	**4,590**	4,320
Service income from financial services business	**2,800**	2,100
Revenue from contracts with customers	**29,734**	15,874
Revenue from other source		
Gross rental income from investment properties	**5,115**	3,937
Net (loss)/gain on financial assets at FVTPL (Note)	**(2,073)**	2,263
Dividend income on financial assets at FVTPL	**519**	428
Interest income from financial services business	**658**	1,039
	4,219	7,667
	33,953	23,541

Note:

Net (loss)/gain on financial assets at FVTPL		
– Change in fair value of financial assets at FVTPL	**(1,169)**	1,781
– Realised loss on financial assets at FVTPL*	**(904)**	482
	(2,073)	2,263

* The gross proceeds from disposal of equity investments at FVTPL for the year were approximately HK$58,774,000 (2018: approximately HK$6,848,000).

Other revenue		
Bank interest income	**119**	100
Other interest income	**750**	750
Management fee income	**216**	200
Sundry income	**–**	18
	1,085	1,068
Other gains		
Gain on disposal of property, plant equipment	**–**	35
Exchange gain, net	**5**	–
	5	35

5. PROFIT FROM OPERATIONS

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories consumed	**–**	1,947
Staff costs (including directors' emoluments):		
Wages and salaries	**6,902**	5,399
Contributions to retirement benefits scheme	**69**	79
	6,971	5,478
Auditors' remuneration		
– audit services*	**650**	500
Depreciation of property, plant and equipment	**773**	773
Exchange (gain)/loss, net	**(5)**	25
Operating lease rentals – minimum lease payments	**644**	610
Gross rental income from investment properties less direct outgoings of approximately HK$150,000 (2018: approximately HK$167,000)	**(4,965)**	(3,770)
Net impairment losses recognised in respect of financial assets at amortised cost		
– allowance for impairment losses on loan and advances to money lending customers	**225**	–
– allowance for impairment losses on accounts receivable	**2,592**	–
– allowance for impairment losses on deposits and other receivables	**2,349**	–
– reversal of allowance for impairment losses on loan and advances to money lending customers	**(143)**	–
– reversal of allowance for impairment losses on accounts receivable	**(326)**	–
– reversal of allowance for impairment losses on deposits and other receivables	**(18)**	–

* This item is included in administrative expenses.

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings not wholly repayable within five years	**640**	535

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the year ended 30 April 2019, the interest on bank borrowings which contain a repayment on demand clause amounted to approximately HK$640,000 (2018: approximately HK$535,000).

7. INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")	**3**	1
Deferred tax		
– Current year	**95**	190
Income tax charge for the year	**98**	191

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the years ended 30 April 2019 and 2018.

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

The provision for PRC EIT is calculated at the standard rate of 25% (2018: 25%) on the estimated assessable income for the year as determined in accordance with the relevant income tax rules and regulations of the PRC.

8. DIVIDENDS

The Directors do not recommend the payment of dividends for the year ended 30 April 2019 (2018: Nil).

9. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**22,160**	38,776

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**192,189,833**	192,189,833

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existences during the years ended 30 April 2019 and 2018.

10. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable	**38,419**	16,924
Less: net impairment losses on accounts receivable	**(4,778)**	–
	33,641	16,924

The following is an ageing analysis of accounts receivable before provision for impairment loss based on the invoice date at the end of the reporting periods:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**3,242**	10,042
31 to 60 days	**2,100**	972
61 to 90 days	**3,213**	602
91 to 180 days	**8,031**	1,062
Over 180 days	**21,833**	4,246
	38,419	16,924

The Group generally allows an average credit period range from 30 to 180 days (2018: 30 to 120 days) to its customers. Receivables that were neither past due nor impaired related to customers for whom there was no default. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the directors considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Although we report in segments, we have continued to engage in business activities 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, and continued gains and stable rental income in our investment property portfolio, has continued to generate profit for the year of approximately HK$22.2 million during the year under review (2018: approximately HK$38.8 million), continuing our turnaround that started during the previous year ended 30 April 2018.

Our revenue has increased 44.2% to approximately HK$34.0 million (2018: approximately HK$23.5 million). In particular, our technology & media revenue has continued to increase, by 136.3% to approximately HK$22.3 million (2018: approximately HK$9.5 million). We are pleased to see this continued post-turnaround growth that began with our turnaround to profit during the previous year, and we will seek to continue and increase this. In line with this growth, we work towards increasing both the amount and the weighting, of both revenue and profit, from technology & media and our food & beverage operations.

The gains we achieved in the fair value of our investment properties during the year under review, although healthy, did not reach the even higher level of gains that we achieved during the previous year. This has resulted in lower profit for the Group for the year under review, as compared with the previous year. Nevertheless, we achieved approximately HK$15.3 million in gains in the fair value of our investment properties during the year under review (2018: approximately HK$35.8 million), which means our investment properties' value was increased by 6.3% to approximately HK$246.7 million (2018: approximately HK$232.1 million). Given that the year under review has seen some turbulence in Hong Kong property values, we are pleased that our management of our investment property portfolio has nevertheless delivered these healthy gains for us. We actively review and make regular considered management decisions on the optimum times and values regarding whether or not to purchase or whether or not to realise upon specific investment properties, and we intend to continue to do so.

Our decreased profit for the year also in part reflects non-cash net impairment of approximately HK$4.7 million (2018: nil), recognised in respect of financial assets at amortised cost due to the recent implementation of HKFRS 9. Before taking into account this recent implementation of HKFRS9, if such non-cash impairment were excluded, our profit for the year would have been approximately HK$26.8 million (2018: approximately HK$38.8 million).

Due to the implementation of HKFRS 9, we report reduction in fair value of financial assets at fair value through other comprehensive income of approximately HK$15.9 million (2018: nil). This is non-cash, and has no effect upon the Group's daily operations and cash flow.

In addition to revenue, the Group also recorded gross proceeds from the trading of securities of approximately HK$58.8 million (2018: approximately HK$6.8 million). The aggregate of our revenue and such gross proceeds is approximately HK$94.8 million (2018: approximately HK$28.1 million).

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 year under review, our two focal areas are Technology & Media, and Property operations.

Our Technology & Media operations focus on media, fintech and entertainment 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 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 our Technology & Media revenue increased 136.3% to approximately HK$22.3 million (2018: approximately HK$9.5 million), resulting in gain of approximately HK$16.3 million (2018: approximately HK$1.6 million). We actively seek to continue to grow these operations in the coming year, whether originally or via mergers and acquisitions in specific area that would have a synergistic or multiplier effect for our operations.

Our Property operations are managed with a two-pronged approach of value gain and rental income to optimise 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 and operated for both value gain and rental income strategies. As a result, (a) income from our properties can be from both disposal proceeds as well as from rental receipts, and (b) fair value gains from our properties are recorded and contribute towards profit for the year. While rental income has been steady, the increase in fair value gains resulting our investment decisions would add towards our realized profit when we make operational decisions to sell. Given market conditions, we believe that the optimum times and values for disposing of selected properties may be during the coming year, in which case (before taking into potential new acquisitions, if any) we would lock in gains and reduce the weighting, in terms of both revenue and profit, of our properties operations.

We are pleased with the healthy results in our property operations: our rental income has increased 29.9% to approximately HK$5.1 million (2018: approximately HK$3.9 million); we achieved approximately HK$15.3 million in gain in the fair value of our investment properties (2018: approximately HK$35.8 million); and the value of our investment properties has increased 6.3% to approximately HK$246.7 million (2018: approximately HK$232.1 million). We recorded property profit of approximately HK$19.6 million (2018: approximately HK$39.0 million).

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 also we 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 year 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$4.6 million for the year under review (2018: approximately HK$4.3 million), with gain of approximately HK$2.4 million (2018: approximately HK$2.4 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 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 net realised and unrealised loss of approximately HK$1.8 million (2018: gain of approximately HK$2.7 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 operations. Our Financial and Business Services operations provides financial and business/management related services, including to clients with cross-border expansion or activities in Hong Kong, the PRC and Korea. During the year in review we achieved 10.2% growth in revenue, to approximately HK$3.5 million (2018: approximately HK$3.1 million), resulting in gain of approximately HK$2.4 million (2018: approximately HK$2.4 million).

RISKS AND UNCERTAINTIES

The Group is exposed to the risk of negative, volatile or of uncertain developments, including but not limited to negative, volatile or uncertain developments in the global, regional and local economies, in the financial and property markets, and in the changes in patterns of consumption. These developments might reduce revenue or result in reduced valuations of the Group's investment properties or in the Group being unable to meet its strategic objectives or in negative effect to its financial condition, results of operations and businesses. The Company will continue to adopt prudent financial policies to cope with the impact of uncertain factors.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained cash and bank balances as at 30 April 2019 amounting to approximately HK$34.4 million (2018: approximately HK$34.6 million). The Group's current ratio as at 30 April 2019 was 3.9 (2018: 3.7). The total equity of the Group amounted to approximately HK$383.1 million (2018: approximately HK$383.8 million) as at 30 April 2019.

Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.07 as at 30 April 2019 (2018: 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 exchange hedges, however the Company monitors its foreign exchange exposure and will consider hedges should the need arise.

Treasury Policies

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

Commitments

The Group had no capital commitments during the year (2018: nil).

FUTURE PROSPECTS

We are delighted that with our continued successful generation of profit for the year during 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 the uncertainties presented in the global and local business environment, including current trade wars.

We believe that 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. In particular, our staff are highly experienced in analysing and executing investments in related businesses that would have a multiplier effect for our operations.

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 during the previous year. We have continued this during the year 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 fintech is the big breakthrough for businesses across many industries. One of our synergistic modes of operation and management has been successful in generating clients and business from cross-disciplinary business development efforts, for example, fintech-related services for non-financial sector clients. With increased client demand in 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, strengthening 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 previous year and continuing through and expanding during the year under review. 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.

Secondly, continuing with our successful generation of revenue and profit from our property operations, we intend to continue to manage and operate a portfolio of properties that present both value gain and also rental income, especially commercial properties in high demand areas like Kowloon East CBD which is in line with government policy to transform and create Hong Kong's CBD 2.0. And with increasing use of technology and decentralization in occupier strategy, we believe that Kowloon East CBD is well-equipped to continue to grow and outperform many other emerging commercial submarkets and establish itself as a new CBD for Hong Kong. We will continue to actively and closely monitor the market to determine the optimum times for potentially reducing our weighting in residential properties and potentially increasing our weighting in Kowloon East CBD commercial properties. Overall, we will seek to reduce the weighting of our properties operations. Our gearing ratio is currently relatively low and highly conservative, with bank borrowing to property value ratio of only approximately 10.7% (2018: approximately 12.1%), representing only approximately HK$26.3 million of bank borrowings (2018: approximately HK$28.2 million), as compared with our investment property value of approximately HK$246.7 million (2018: approximately HK$232.1 million). Therefore, we intend during the coming year to take advantage of currently low interest rates to cautiously increased our gearing ratio within reasonable levels, which may help to increase the investment efficiency of our property operations.

Thirdly, in food & beverage operations, we believe that our current operations and management expertise will be a strong basis to continue the growth that we have seen in the past year by potentially securing increased business through expansion of our product lines, including potentially actively seeking suitable food & beverage and related operations for acquisition or collaboration, sourcing and distributing, and growth of our business/management services for food & beverage companies synergistically with our financial and business services operations. We also will continue to enhance our e-commerce capabilities, synergistically with our technology & media operations. 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.

Overall, we are excited by our turnaround in Hong Kong during the previous year and the year under review. We will continue to seek to expand in our interdisciplinary and synergistic way, as well as actively seek and negotiate partnerships, alliances and potential acquisitions that could have a multiplier effect for the Group. As we have now successfully executed our turnaround to profit for two successive years, we look ahead to continued growth in our directions of strength, while placing tremendous effort on diversifying our Group's existing operations, all the while being mindful of achieving sustainable growth. This will call for our Group's competitive edges to be exhibited to grasp emerging opportunities, and thereby access new revenue streams, increase existing revenue streams, and deliver greater returns for our shareholders.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2019, the Group had 19 (2018: 25) 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 2019.

CORPORATE GOVERNANCE REPORT

During the year under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code"), except for the deviation from code provisions A.2.1, A.4.1 and A.6.7 of the Code as described below.

Under code provision A.2.1 of the Code, the role of chairman and chief executive officer ("CEO") should be performed by different individuals. Since September 2005, Mr Vong Tat Ieong David, who is a Director and CEO of the Company, has also carried out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Company for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Company's development strategies.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors of the Company, including the independent non-executive Directors, are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years as specified in the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Under code provision A.6.7 of the Code, independent non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. There are three independent non-executive Directors of the Company and they were unable to attend the 2018 annual general meeting of the Company held on 5 October 2018 due to their engagement in other commitments.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

The Group's final results for the year ended 30 April 2019 have been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 April 2019 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 August 2019 pending the release of the annual results announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 26 August 2019.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.thevongroup.com). The Company's 2019 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, 23 August 2019

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

* *For identification purpose only*