

# Management's Statement

## Dear Shareholders

The financial year ended 30 April 2006 has been one of major transition for the Group. It was a year in which Vongroup Holdings Limited took over control of the Group, after which the Company's name was changed to Vongroup Limited to reflect the change in control. Despite the organizational challenges and growing pains that came with a transitional year, the Group continued to implement initiatives to secure a platform for solid growth by focusing on high-growth consumer finance and other highly-regulated consumption sectors in China.

Looking back over the past year, the Group is pleased with the strengthening of its financial position – current assets have increased to HK\$186,200,000 from HK\$33,583,000, and total assets have increased to HK\$218,260,000 from HK\$92,885,000. As a measure of the Company's improved financial base, shareholders' equity climbed to HK\$153,371,000 from HK\$49,589,000. Through having laid the groundwork for future growth, the Group is confident that its focused initiatives in China would reap significant rewards.

The Group's consumer finance business in China currently focuses on the extension of secured short-term high-yield loans to individuals and small private businesses, at a monthly effective finance charge of 0.5%, plus service charges of up to 4.2% per month. Ministry of Commerce statistics indicate that the high-yield moneylending market has exceeded RMB50 billion per annum. In addition, continuing tightening of credit availability in the Chinese banking system, together with significant take-off in consumption and growth of the middle class in cities, is generally resulting in increased demand for cashflow credit by individuals and for short-term working capital loans by small private businesses. The Group therefore expects to increase its presence nationwide, focusing on locations with ease of access by customers.

Going forward, in addition to the present consumer finance business, the Group will continue to pursue leading-edge initiatives in other areas of consumer finance and other highly-regulated consumption sectors in China, while optimally sustaining growth from a medium- to long-term perspective and maximizing shareholder value. On behalf of the Board of Directors, I wish to take this opportunity to express our appreciation to the management and staff of the Group for their commitment dedication and perseverance.

**Vong Tat Jeong, David**  
*Chief Executive Officer*

Hong Kong  
30 August 2006