Change of Company Name; Business

The shareholders of the Company passed a special resolution on 26 May 2005 to change the Company's name to Vongroup Limited to reflect the change in control of the Company and its anticipated future development in relation to broadening and expanding the businesses and operations of the Group, especially in high-growth consumer finance and other highly-regulated consumption businesses in the PRC.

After the change in control of the Company, the Company made its first move into the consumer finance sector by entering the consumer finance business, a circular containing the details of which was dispatched to shareholders on 29 December 2005.

The Group expects to pursue further business and investment opportunities in high-growth consumer finance and other highly-regulated consumption businesses in the PRC.

The Company has made two placings of shares, one in December 2005 and one in March 2006, which have broadened the shareholder base and strengthened the capital base and financial position of the Company, which would facilitate the Company's ongoing business development as well as the Company's financial position for possible future investments and acquisitions.

OVERALL PERFORMANCE

For the year ended 30 April 2006, the Group recorded a net loss attributable to shareholders of HK\$57.9 million (2005: HK\$24.9 million). As at 30 April 2006, the Group had consolidated net current assets of HK\$123.0 million (2005: restated HK\$6.9 million net current liabilities) and consolidated net assets of HK\$153.4 million (2005: HK\$49.6 million) respectively.

Net loss for the year was largely due to provision of impairment in relation to the legacy restaurant, bakery, food and beverage businesses, of over HK\$30 million for the following: impairment of fixed assets and goodwill of the Group and write-off of rental deposits, out of which, HK\$17.6 million was due to the discontinued operation of the bakery, and other food and beverage operations (2005: Nil).

Consumer Finance Business Review

The Group has expanded into the consumer finance business in the PRC during the year. The consumer finance business provides secured loans, mainly to individuals and SME business owners. The transaction was completed on 14 April 2006. As such, only the turnover and operating profit of Beijing Shuntong for the short 2-week period from 14 April 2006 to 30 April 2006 were consolidated into the Group's accounts, with respective amounts of approximately HK\$146,000 (2005: N/A) in turnover and HK\$38,000 (2005: N/A) in operating profit. The revenue of Beijing Shuntong comprises of finance charges at a monthly effective rate of 0.5% based on the 6-month bank lending rate that is announced by the People's Bank of China, with a mark up, plus service charges of up to 4.2% per

month, as well as net proceeds of merchandise held for sale. The overall result of the consumer finance business (including other same segment subsidiaries not directly related to the China high-yield consumer finance business) recorded a loss of approximately HK\$554,000 (2005: N/A) for this short 2-week period.

Restaurant Business Review

Our restaurant business continues to face a very challenging market environment. Though the overall economy continues to revive and retail market sentiment continues to improve, retailers of luxury goods particularly in the tourist areas of Hong Kong reaped the biggest benefits with our restaurants yet to feel the substantial upturn in restaurant sales in our shops.

Turnover for the restaurant operation for the year ended 30 April 2006 was approximately HK\$217 million (2005: HK\$238 million) and a loss of HK\$20.1 million (2005: HK\$12.8 million) was recorded in ordinary restaurant activities.

The continuing recovery of the economy brings with it rising material costs and upward pressure in labour costs as the labour market picked up. There is pressure to increase the pay rate for skilled labour. Nevertheless we have managed to minimize our overall staff costs.

The firmer property market has also created significant operating pressure, as our occupancy costs will unavoidably be raised when lease renewals come due. Until then, we continue to enjoy the benefit of long leases we have entered into.

Bakery and Other Food Products Business Review

The bakery operation was discontinued with the cessation of the operation of our bakery factory in Dongguan, PRC. A provision of impairment of HK\$17.6 million was reflected in the current year result. The segment losses of the bakery operation increased to HK\$20.0 million (2005: HK\$1.5 million).

Charge on Assets

As at 30 April 2006, the Group's bank loan was secured by a Deed of Charge on Cash Deposit(s) in respect of a deposit of HK\$20 million of Max Wide Finance Limited, a subsidiary of the Company (the bank loan was a short-term bridge loan of RMB20 million obtained from The Bank of East Asia Limited, Shenzhen Branch (the "Bank") at the applicable lending interest rate administered by the People's Bank of China with a charge on a deposit of HK\$20 million at prevailing market deposit rates, which has since been discharged by the Bank when the loan was repaid).

SEASONAL/CYCLICAL FACTORS

The sales volume during festive periods is normally higher than the sales volume in the slack periods of the year for restaurant operation only.

Management Discussion and Analysis · · · · · · · ·

FINANCIAL REVIEW

Liquidity and financial resources

The Group had shareholders' funds of approximately HK\$153.4 million (2005: HK\$49.6 million) as at 30 April 2006.

The Group's current ratio increased from 0.83 as at 30 April 2005 to 2.95 as at 30 April 2006.

Gearing

The gearing ratio, as a ratio of short term bank loan to equity shareholders' funds, was 0.13 as at 30 April 2006 (2005: N/A).

Exchange Rate Exposure

As at 30 April 2006, the Group's cash and cash equivalents increased from HK\$2.99 million as at 30 April 2005 to approximately HK\$139.5 million. This was mainly attributable to the capital reorganization and subscription of new shares completed in August 2005 and the placing of shares, one completed in December 2005 and one completed in March 2006. Since the majority of the Group's sources of income and bank balances are denominated in Hong Kong dollars, the Group has minimal exposure to exchange rate fluctuations.

Treasury policies

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

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 42 to the financial statements.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2006, the Group had 640 (30 April 2005: 890) 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.