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vongroup

Vongroup Limited

黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 318)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2012

The board of directors (the “Board” or “Directors”) of Vongroup Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 October 2012, 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 2012

		Unaudited Six months ended 31 October	
	Note	2012 HK\$'000	2011 HK\$'000
Turnover	4	15,419	10,818
Other revenue	4	1,327	950
Other gains	4	712	3,032
Cost of inventories consumed		(4,781)	(7,944)
Cost of forfeited collateral sold		–	(211)
Staff costs		(6,177)	(6,014)
Operating lease rentals		(2,672)	(2,505)
Depreciation and amortisation		(1,071)	(993)
Other expenses		(9,990)	(10,186)
Change in fair value of investment properties		865	339
Loss from operations	5	(6,368)	(12,714)
Finance costs	6	(536)	(233)
Share of results of a jointly-controlled entity		–	(779)
Loss before taxation		(6,904)	(13,726)
Income tax	7	–	(46)

		Unaudited	
		Six months ended 31 October	
		2012	2011
	<i>Note</i>	HK\$'000	HK\$'000
Loss for the period		(6,904)	(13,772)
Other comprehensive (expense)/income			
Exchange differences arising on translation of foreign operations		<u>(4)</u>	<u>343</u>
Total comprehensive expense for the period		<u>(6,908)</u>	<u>(13,429)</u>
Loss for the period attributable to:			
Owners of the Company		<u>(6,904)</u>	<u>(13,772)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		<u>(6,908)</u>	<u>(13,429)</u>
		HK\$	HK\$
Loss per share			
Basic and diluted	9	<u>(0.0012)</u>	<u>(0.0024)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2012

	Note	31 October 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	17,810	18,742
Lease premium for land		1,409	1,426
Investment properties	11	174,531	119,541
Goodwill		6,212	6,212
Interest in a jointly-controlled entity		–	–
Deposits paid in respect of acquisition of property, plant and equipment		255	255
Available-for-sale investments		16,882	16,882
		<u>217,099</u>	<u>163,058</u>
Current assets			
Lease premium for land		34	34
Inventories		7,793	7,711
Forfeited collateral held for sale		438	280
Accounts receivable	12	666	471
Moneylending loan receivables	13	4,927	23,026
Deposits, prepayments and other receivables	14	14,230	17,531
Amount due from a jointly-controlled entity		–	234
Equity investments at fair value through profit or loss		26,548	30,043
Derivative financial instrument		16,564	16,159
Cash and cash equivalents		89,432	125,647
		<u>160,632</u>	<u>221,136</u>
Current liabilities			
Accounts payable	15	1,213	1,195
Accruals and deposits received		13,390	11,968
Tax payables		22,101	22,101
Finance lease payable – current portion		120	118
Bank borrowings		38,854	39,794
		<u>75,678</u>	<u>75,176</u>
Net current assets		<u>84,954</u>	145,960
Total assets less current liabilities		<u>302,053</u>	309,018
Non-current liabilities			
Finance lease payable – long-term portion		128	185
Deferred tax liabilities		591	591
		<u>719</u>	<u>776</u>
NET ASSETS		<u>301,334</u>	308,242
Capital and reserves			
Share capital	16	5,860	5,860
Reserves		295,474	302,382
TOTAL EQUITY		<u>301,334</u>	<u>308,242</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2012

	Unaudited						
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Statutory surplus reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 2011 (audited)	5,860	533,020	262	255	1,151	(191,621)	348,927
Loss for the period	-	-	-	-	-	(13,772)	(13,772)
Exchange difference arising on translation of foreign operations	-	-	-	-	343	-	343
Total comprehensive expense for the period	-	-	-	-	343	(13,772)	(13,429)
At 31 October 2011	<u>5,860</u>	<u>533,020</u>	<u>262</u>	<u>255</u>	<u>1,494</u>	<u>(205,393)</u>	<u>335,498</u>
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>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2012

	Six months ended 31 October	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash inflow from operating activities	17,995	1,219
Net cash outflow from investing activities	(52,675)	(7,884)
Net cash (outflow)/inflow from financing activities	<u>(1,531)</u>	<u>12,698</u>
Net (decrease)/increase in cash and cash equivalents	(36,211)	6,033
Cash and cash equivalents at beginning of the period	125,647	197,198
Effect of foreign exchange rate changes	<u>(4)</u>	<u>731</u>
Cash and cash equivalents at end of the period	<u><u>89,432</u></u>	<u><u>203,962</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2012

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, derivative financial instrument 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 2012.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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 resources allocation and performance assessment.

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

(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 generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment revenue and results

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

	Unaudited		Unaudited	
	Segment revenue/(loss)		Segment profit/(loss)	
	Six months ended		Six months ended	
	31 October		31 October	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial services	574	926	72	299
Securities	(661)	(8,093)	(104)	(8,471)
Property	1,444	963	2,462	972
Technology & Media	115	312	(177)	74
Food & Beverage	13,947	16,710	(2,083)	157
	<u>15,419</u>	<u>10,818</u>	170	(6,969)
Unallocated items:				
Other revenue			405	–
Administrative and other operating expense			(6,943)	(5,745)
Finance costs			(536)	(233)
Share of results of a jointly-controlled entity			–	(779)
Loss before taxation			(6,904)	(13,726)
Income tax			–	(46)
Loss for the period			<u>(6,904)</u>	<u>(13,772)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil).

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

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

(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. Securities and property businesses are carried out mainly in Hong Kong.

The following is an analysis of geographical location of the Group's revenue/(loss) as specified below. The geographical location of Group's revenue refers to the location at which the services were received and receivable or the services were provided or the goods delivered.

	<u>Revenue/(loss)</u>	
	Six months ended	
	31 October	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	1,619	(6,158)
PRC	13,800	16,976
Total	15,419	10,818

(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 2012 and 2011.

4. TURNOVER, OTHER REVENUE AND OTHER GAINS

The principal activities of the Group are 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	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Turnover		
Income from food & beverage businesses	13,947	16,710
Income from technology & media businesses	115	312
Net loss on equity investments at fair value through profit or loss	(661)	(8,093)
Financial services income	574	642
Sale of forfeited collateral	–	284
Gross rental income from investment properties	1,444	963
	<u>15,419</u>	<u>10,818</u>
Other revenue		
Bank interest income	72	166
Total interest income on financial assets not at fair value through profit or loss	72	166
Dividend income from listed securities	760	629
Dividend income from a jointly-controlled entity	470	–
Sundry income	25	155
	<u>1,327</u>	<u>950</u>
Other gains		
Gain on disposal of an investment property	290	–
Gain on disposal of property, plant and equipment	–	3,032
Exchange gain, net	17	–
Fair value gain on derivative financial instrument	405	–
	<u>712</u>	<u>3,032</u>

5. LOSS FROM OPERATIONS

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

	Six months ended 31 October	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs (including directors' remuneration)	6,177	6,014
Net exchange (gain)/loss	(17)	479
Net realised loss on equity investments at fair value through profit or loss	1,031	3,512
Net unrealised (gain)/loss on equity investments at fair value through profit or loss	(370)	4,581
Gain on disposal of property, plant and equipment	–	(3,032)
(Gain)/loss on disposal of an investment property	(290)	181
Gross rental income from investment properties less direct outgoings HK\$41,000 (31 October 2011: HK\$54,000)	(1,403)	(909)
	<u>(1,403)</u>	<u>(909)</u>

6. FINANCE COSTS

	Six months ended 31 October	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Interest on bank borrowings	273	233
Interest on finance lease	7	–
Other interest paid	<u>256</u>	<u>–</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>536</u></u>	<u><u>233</u></u>

7. INCOME TAX

	Six months ended 31 October	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Profits tax: PRC enterprise income tax	<u><u>–</u></u>	<u><u>46</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 (2011: 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 2012 (2011: 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 2012 of HK\$6,904,000 (six months ended 31 October 2011: loss of HK\$13,772,000) and on the weighted average number of 5,859,860,900 (six months ended 31 October 2011: 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 2012 (audited)	18,742
Additions	122
Depreciation	<u>(1,054)</u>
Carrying values as at 31 October 2012	<u><u>17,810</u></u>

11. INVESTMENT PROPERTIES

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

	<i>HK\$'000</i> (unaudited)
Balance as at 1 May 2012 (audited)	119,541
Additions	7,845
Additions through acquisition of a subsidiary (<i>note 17</i>)	51,980
Disposal	(5,700)
Increase in fair value of investment properties	<u>865</u>
Balance as at 31 October 2012	<u><u>174,531</u></u>

An unrealised gain on increase in fair value of investment properties of HK\$0.87 million (six months ended 31 October 2011: gain of HK\$0.34 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 2012 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 2012 <i>HK\$'000</i> (unaudited)	30 April 2012 <i>HK\$'000</i> (audited)
Within 30 days	323	160
31 – 90 days	37	41
91 – 180 days	150	28
Over 180 days	<u>156</u>	<u>242</u>
	<u>666</u>	<u>471</u>

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

	31 October 2012 <i>HK\$'000</i> (unaudited)	30 April 2012 <i>HK\$'000</i> (audited)
Neither past due nor impaired	360	201
1 to 3 months past due	54	28
3 to 6 months past due	96	–
Over 6 months, but less than 1 year past due	<u>156</u>	<u>242</u>
	<u>306</u>	<u>270</u>
	<u>666</u>	<u>471</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 2012	30 April 2012
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Balance brought forward	23,026	14,655
Loans advanced	430	13,983
Repayment during the period/year	(18,529)	(5,685)
Exchange adjustment	–	73
	<hr/>	<hr/>
Balance carried forward	<u>4,927</u>	<u>23,026</u>

The loans bear interest rate ranging from 5.25% to 50.4% (30 April 2012: 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:

	At 31 October 2012			At 30 April 2012		
	(unaudited)			(audited)		
	Unsecured Short-term		Total	Unsecured Short-term		Total
	Pawn loans receivable	loans receivable		Pawn loans receivable	loans receivable	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Due within 1 month or on demand	1,186	3,439	4,625	542	–	542
Due after 1 month but within 3 months	2	–	2	446	300	746
Due after 3 months	–	300	300	309	21,429	21,738
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,188</u>	<u>3,739</u>	<u>4,927</u>	<u>1,297</u>	<u>21,729</u>	<u>23,026</u>

As at 31 October 2012, no moneylending loan receivables were individually determined to be impaired (30 April 2012: Nil).

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

	At 31 October 2012 (unaudited)			At 30 April 2012 (audited)		
	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	413	3,739	4,152	683	21,624	22,307
Less than 1 month past due	116	–	116	301	–	301
1 to 3 months past due	659	–	659	313	105	418
	<u>1,188</u>	<u>3,739</u>	<u>4,927</u>	<u>1,297</u>	<u>21,729</u>	<u>23,026</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 2012, the Group held collateral, mainly land and buildings, gold and jewellery, with value of approximately HK\$1,462,000 (30 April 2012: approximately HK\$1,673,000) in total over the pawn loans receivable.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	31 October 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
Prepayments	2,027	6,299
Rental and other deposits	7,567	7,528
Credit card receivables	141	108
Rent receivables	274	–
Loan interest receivables	65	882
Staff advances (<i>note</i>)	183	90
Other receivables	6,693	5,344
Less: Impairment	(2,720)	(2,720)
Other receivables, net	<u>3,973</u>	<u>2,624</u>
	<u>14,230</u>	<u>17,531</u>

Note: 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.

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

	31 October 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
Brought forward	(2,720)	(2,500)
Impairment loss recognised	–	(220)
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.

Other receivables that are not impaired:

The aging analysis of other debtors that are neither individually nor collectively considered to be impaired are as follows:

	31 October 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
Neither past due nor impaired	3,847	2,117
Less than 1 month past due	–	63
1 to 3 months past due	–	–
3 months to 1 year past due	–	312
Over 1 year past due	126	132
	3,973	2,624

Other receivables that were past due but not impaired relate to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment 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 or other credit enhancements over these balances.

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 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
0 – 30 days	481	648
31 – 90 days	272	104
91 – 360 days	12	–
Over 360 days	448	443
	1,213	1,195

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. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.001 each		
Authorised:		
At 1 May 2011, 30 April 2012 and 31 October 2012	<u>200,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 May 2011, 30 April 2012 and 31 October 2012	<u>5,859,860,900</u>	<u>5,860</u>

17. ACQUISITION OF ASSETS THROUGH PURCHASE OF THE SUBSIDIARY

During this period, VG Investment Assets Holdings Incorporated (“VGI”), a wholly-owned subsidiary of the Company, acquired assets through the acquisition of 100% equity interest in Freemantle Capital Investments Limited (“Freemantle”), a property investment holding company, at a consideration of HK\$52 million.

The assets acquired in the transaction are as follow:

	Carrying amount and fair value of Freemantle <i>HK\$'000</i>
Assets acquired:	
Investment property (<i>note 11</i>)	51,980
Utility deposits	<u>20</u>
Total consideration	<u>52,000</u>
	<i>HK\$'000</i>
Net cash outflow arising on acquisition:	
Cash consideration	<u>(52,000)</u>

18. CONTINGENT LIABILITIES

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

19. 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 2012, the Group had total future minimum lease receivables under non-cancellable operating lease with lessees falling due as follows:

	31 October 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
Within one year	4,196	2,152
In the second to fifth years, inclusive	<u>2,635</u>	<u>1,025</u>
	<u>6,831</u>	<u>3,177</u>

(b) As lessee

As at 31 October 2012, the Group had outstanding commitments under non-cancellable operating leases falling due as follows:

	31 October 2012 HK\$'000 (unaudited)	30 April 2012 HK\$'000 (audited)
Within one year	6,599	6,574
In the second to fifth years, inclusive	23,847	26,026
After five years	<u>–</u>	<u>1,121</u>
	<u>30,446</u>	<u>33,721</u>

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

20. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with its related parties during the period:

	<u>Amounts owed by the Group to related parties</u>		<u>Related expenses</u>	
	<u>As at 31 October 2012 HK\$'000 (unaudited)</u>	<u>As at 30 April 2012 HK\$'000 (audited)</u>	<u>Six months ended 31 October 2012 HK\$'000 (unaudited)</u>	<u>2011 HK\$'000 (unaudited)</u>
Legal fees and corporate secretarial fees	<u>–</u>	<u>266</u>	<u>83</u>	<u>289</u>
Amount due from a jointly-controlled entity				
Repayment	(234)	(33)	N/A	N/A
Outstanding balance	<u>–</u>	<u>234</u>	<u>N/A</u>	<u>N/A</u>

Note: The legal fees were charged for legal services rendered by a law firm, a partner of which is a close relative of a director, Mr. Vong Tat Ieong, David. The corporate secretarial service fees were charged for services rendered by a corporate secretarial firm which is controlled by a close relative of a director, Mr. Vong Tat Ieong, David.

21. 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 21 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the six months ended 31 October 2012, the Group generated turnover of approximately HK\$15.4 million (2011: approximately HK\$10.8 million) with a loss for the period of approximately HK\$6.9 million (2011: approximately HK\$13.8 million). Our loss is attributable mainly to the loss in Food & Beverage segment where we continue to assess cost-cutting measures. During this period, our Financial Services, Securities, Property and Technology & Media segments have seen improvement or no significant change.

Business Review

Food & Beverage

During this period, revenue for our food & beverage businesses was approximately HK\$13.9 million (2011: approximately HK\$16.7 million). Excluding the gain of approximately HK\$3.0 million for the disposal of property in 2011, our segment recorded a loss of approximately HK\$2.1 million (2011: loss of approximately HK\$2.9 million).

Securities

Our securities business recorded a net realised and unrealised loss on trading of securities investments of approximately HK\$0.7 million (2011: loss of approximately HK\$8.1 million), which contributed a loss for our securities segment of approximately HK\$0.1 million (2011: loss of approximately HK\$8.5 million) during the six months ended 31 October 2012.

Property

The revenue of the Group's property business segment was approximately HK\$1.4 million (2011: approximately HK\$1.0 million). The business segment contributed a profit of approximately HK\$2.5 million (2011: profit of approximately HK\$1.0 million) to the Group. Excluding the gain on unrealised fair value, the recurring profit of the property business segment would have been approximately HK\$1.6 million (2011: approximately HK\$0.6 million).

Financial Services

During this period, the revenue of our financial services businesses was approximately HK\$0.6 million (2011: approximately HK\$0.9 million), which contributed a profit for our financial services segment of approximately HK\$0.1 million (2011: approximately HK\$0.3 million).

Technology & Media

Our technology & media segment recorded revenue of approximately HK\$115,000 (2011: approximately HK\$312,000) with a business segment loss of approximately HK\$177,000 (2011: profit of approximately HK\$74,000).

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.

Financial Review

Liquidity and Financial Resources

The Group maintained cash and cash equivalents as at 31 October 2012 amounting to approximately HK\$89.4 million (30 April 2012: approximately HK\$125.6 million). The Group's current ratio as at 31 October 2012 was 2.1 (30 April 2012: 2.9). The total equity of the Group amounted to approximately HK\$301.3 million (30 April 2012: approximately HK\$308.2 million) as at 31 October 2012.

Gearing

The gearing ratio, as a ratio of bank borrowings and finance lease payable to total equity, was 0.13 as at 31 October 2012 (30 April 2012: 0.13).

Exchange Rate Exposure

As at 31 October 2012, the Group's cash and cash equivalents amounted to approximately HK\$89.4 million, the majority of which was in Hong Kong dollars. Since the majority of the Group's transactions, monetary assets and liabilities is denominated in Hong Kong dollars, United States dollars and Renminbi, with relatively stable exchange rates of Renminbi to Hong Kong dollars and Hong Kong's linked exchange rate between United States dollar and Hong Kong dollar, the Group has minimal exposure to exchange rate fluctuations.

Treasury Policies

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

Contingent Liabilities

Details of the Group's contingent liabilities as set out in note 18 to the financial statements.

Commitments

During this period, the Group had no significant capital commitment (30 April 2012: Nil).

Future Prospects

Given the uncertainty overclouding the economic environment, the Group will maintain a prudent approach in its allocation of resources, focusing primarily on enhancing its competitive advantages. The Group also reviews and revises its business strategies on a regular basis with the aim to better position itself to meet the challenges ahead and to capture any new business opportunities as they arise.

Employment and Remuneration Policy

As at 31 October 2012, the Group had 144 (30 April 2012: 158) 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 relating to its operating entities.

OTHER INFORMATION

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

As at 31 October 2012, 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 2012, 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 2012 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 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 six months ended 31 October 2012.

Substantial Shareholders’ Interests in Shares and Underlying Shares

As at 31 October 2012, the register required to be kept by the Company pursuant to section 336 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 2012, 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 2012.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2012 (31 October 2011: 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 2012.

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 2012 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, 21 December 2012

As at the date of this announcement, 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*