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 2021

FINANCIAL HIGHLIGHTS

Building upon the Group's past few years of steady growth in providing technology services and solutions, we have refined and successfully grown our main business as a "technology-for-business service and solutions provider" that focuses primarily on fintech, ecommerce, payment, cloud technology and enterprise solutions.

We have seen significant growth in the Group's revenue and profit for the year ended 30 April 2021, as compared with the previous year. This growth has been accelerated by the digital transformation needs of enterprises during the "new normal" that has resulted from the COVID-19 pandemic.

1. Turnover increased significantly by 226% to HK$110.7 million, as compared with HK$34.0 million in 2020.

2. Net profit increased significantly by 98% to HK$20.2 million, as compared with HK$10.2 million in 2020.

3. This significant increase in turnover was mainly attributable to significant increase in the technology business turnover, an increased by 249% to HK$107.2 million, as compared with HK$30.7 million in 2020.

4. Earnings per share increased significantly by 98% to HK$0.105, as compared with HK$0.053 in 2020.

CEO'S STATEMENT

Dear Shareholders,

Over the past year and a half of living with COVID-19, many of the business and social practices have changed dramatically, emerging as the "new normal". During the past 14 years since 2007, Vongroup has refined and developed our main business as a "technology service and solutions provider" under this dynamic environment that focuses primarily on "technology-for-business", like fintech, ecommerce, payment, cloud technology and enterprise solutions. This now extends to providing enterprise architecture, technology transformation, custom platforms and solutions, including transformation "new normal" solutions such as virtual reality (VR) and augmented reality (AR) technologies. Our diversified client base in Hong Kong, and regionally in Mainland China, South Korea, Japan, Macau, and Southeast Asia, amongst others, demonstrates that there is significant demand for such "technology-for-business" services and solutions. Our clients range from SMEs to international businesses. These include businesses that are involved in financial services, wealth management, ecommerce, education, media and entertainment industries, amongst others.

It is inherent in the nature of this sector that new and emerging technologies are continually developed in the market for business performance enhancement, and therefore the nature of our business is that we continually add to our service and solutions offerings. Each new or emerging technology that we deploy or acquire is not a new business, but is the next step in the continuing upgrade or enhancement of our offerings that is expected to improve our ability to generate more revenue and profits. Likewise, the focus on addressing the significant client demand in the face of the "new normal" may be new, as anything to do with the pandemic is new to everybody and every business, but the business-driven technology skill sets that we deploy are not new. We have been doing so zealously, and we intend to continue to do so to grow our presence in Hong Kong and regionally.

Our business objective is to continue to be one of Hong Kong's fastest-growing technology services and solutions providers, and to help clients execute their digital transformation that has already increasingly become an essential part in the "new normal" of the COVID pandemic and the expected post-pandemic era. A 2020 McKinsey survey shows that, to address the "new normal", "companies have accelerated the digitization of their customer and supply-chain interactions and of their internal operations by three to four years". Our services and solutions enable our enterprise clients to continue to do business in newer ways and efficiently, as business and market behaviour has changed towards distance, remote and virtual, and will continue to change.

For the year ended 30 April 2021, there were two major reasons for the Group's substantial improvement in business:

(1) Our Technology revenue increased significantly by 249% as compared with last year.

(2) Our Technology profit margin increased from HK$23.9 million to HK$36.6 million compared with last year.

Driven mainly by these two reasons, the Group recorded profit before tax for the year of HK$21.8 million, and total comprehensive income for the year of HK$22.3 million, reflecting 120% and 159% growth, respectively, as compared with last year.

Our business growth

Over the past year, the Group has further strengthened our market position in providing one-stop technology service and solution that covers enterprise architecture, technology advisory, enterprise solutions and fully-managed IT services businesses. Not only that we have achieved accelerated growth in different indicators including order number, sales turnover, repeat business, and the development of sales channels and strategic partnerships, we have also gained customer loyalty and recognition in the technology market for our innovation and success.

We will solidify our technology-for-business industry research capabilities and knowledge, particularly with a view to understanding businesses' commercial and performance needs, and then identifying or developing software and other technological tools that enhance our ability to execute projects for them. This would lead our entry into newer client industries, and newer technologies to enable their commercial needs.

For many of our projects, we have witnessed how our industry market research and understanding have differentiated us from our competitors, have positioned us well for winning cannot-fail projects amidst an ever-evolving technology environment, and have therefore broadened our client coverage to many industries. This is one important differentiation between our convergence of technology-and-business expertise, and many other providers who focus on the traditional delivery of technology.

According to a 2016 Innotas survey, half of the enterprises surveyed admitted that they focus on delivering a technology project on time, rather than on how to maximise business value from it. The Innotas survey also highlighted that the problem of not being able to align business goals with technology goals has led to a 55% failure to meet business needs. In fact, frequently, a client's technology architecture has evolved chaotically. This means that changes may have been applied sporadically over a period of time, and on different levels. While their systems may be technologically sound and may have been delivered on time, they may either lack sufficient business evaluation or lack maximized connection with one another, or both. And after running into a problem, managers may, very naturally, decide to apply their own skills in an ad hoc way to improve the situation at hand. Many of these managers may not have adequate technical knowledge while the technology professionals may lack knowledge or appreciation of these business considerations.

This is the current position that we frequently see in many of our clients, and we will continue with our strategy that, in contrast with many others, focuses on blended business-and-technology services and solutions so as to address business needs, not just simply doing technology jobs.

Long term business development

The pandemic has been an accelerator for technological change across businesses. And while many companies are still assessing their future plans, what is evident is that all businesses, including ourselves, must become more digitally-driven in the post-pandemic era. It will be the decisive enterprises who enhance their digital systems now and use data analytics to improve how to service the 'new' customer, who are best positioned to stay ahead of the game and be sustainable in the long-term.

This means that we can and must use our current competitive advantage to continue to stay ahead of the pack. The evolution of transformational technology and the availability of data helps us better understand the needs of our customers, while continually beating back the competition.

What some of our best offence and strongest defence strategies in terms of knowing the needs of our customers, while keeping many of our competitors at a distance? We stress the following:

- Identify and capture pockets of profitable growth
- Expand our offerings of services and solutions
- Differentiate against competitors
- Form partnerships and alliances with leading-edge companies
- Magnify growth through sales channel partnerships
- Make the most of data analytics

Therefore, we are actively negotiating and incorporating a number of advanced and commercially-drive technology services and solutions to add to our "stable", in order to create further synergy and to generate greater business opportunities for our Group.

Continuing digital transformation

We plan to continue to add to the range of our offerings of business-driven technology services and solutions in order to reinforce our position as one of the preferred "digital ecosystem partners for the new normal". We aim to brand this as a digital ecosystem of technology services and solutions for distance, remote, work-for-home, learn-from-home, shop-from home, transactional and behavioural changes. This will capitalise upon enterprises that need to re-visit or digitally transform their business operations in light of the "new normal" of consumer and market behaviour resulting from the COVID-19 pandemic and post-pandemic. We will promote our additions to existing clients for repeat business, as well as to new clients.

We add to our range in a number of ways. One example is our acquisition of a controlling interest in Claman, which owns the FringeBacker multi-business fintech management platform software, in order to enhance our platform software offerings. Other examples include (a) strategic operations partnerships, like our solutions services partnership with award-winning web and mobile providers to provide further specialist services in these areas, (b) "joint go to market" partnerships like the one we have entered into with an award-winning mobile marketing technology provider to provide mobile marketing technologies, and (c) "joint self-development" partnership with a leading overseas AR/VR solutions provider to design, develop and launch a pioneering integrated virtual expo/trade show and virtual showroom software.

We believe that the calendar year 2020 is the real starting point for the technological transformations that many clients are undergoing or are now assessing, given the COVID pandemic and the expected post-pandemic era. The COVID pandemic has awakened more and more companies and service providers, alerting them to pay more attention to distance and virtual technologies, fintech, cloud, etc. Over the past several years of challenges in our technology business, as well as our turnaround to profit a few years ago, Vongroup has evolved into a strong business-and-technology service and solutions provider. And we will continue towards the path of being a digital ecosystem partner for the "new normal".

In terms of business model, R&D, marketing and promotions, operational strategies, technology systems development, commercial performance indicators fueled by business-oriented technologies, sales channel partnerships, we have accumulated substantial knowledge and experience, which many traditional IT providers may not be as strong in. We believe that this is a good time which presents business opportunities for Vongroup to continue to expand and extend, both in Hong Kong and regionally.

Finally, we wish to sincerely thank all our team members and our sales channel partners and other business associates for their tireless and dedicated work.

Vong Tat Ieong David
Chief Executive officer

Hong Kong, 30 July 2021

The board of directors (the "Directors") of Vongroup Limited (the "Company") wishes to announce the preliminary consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2021 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 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*4*	**110,689**	34,023
Other revenue	*5*	**670**	1,115
Other gains	*5*	**–**	5
Staff costs		**(8,459)**	(5,105)
Expenses recognised under short-term leases		**(808)**	(651)
Depreciation		**(766)**	(771)
Administrative and other operating expenses		**(70,712)**	(15,819)
Gain on disposal of a subsidiary		**175**	–
Net impairment losses recognised in respect of financial assets at amortised cost		**(6,302)**	(1,337)
Change in fair value of investment properties		**(2,333)**	(761)
Change in fair value of financial assets at fair value through profit or loss ("FVPL")		**42**	(100)
Finance costs	*6*	**(357)**	(679)
Profit before income tax	*6*	**21,839**	9,920
Income tax (expense) credit	*7*	**(1,601)**	298
Profit for the year		**20,238**	10,218
Other comprehensive income (loss) for the year			
Item that will not be reclassified to profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		**116**	(331)
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**1,917**	(1,313)
Total other comprehensive income (loss) for the year, net of tax		**2,033**	(1,644)
Total comprehensive income for the year attributable to owners of the Company		**22,271**	8,574
Earnings per share ***(HK cents)***	*9*		
– Basic and diluted		**10.53**	5.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**11,592**	12,334
Investment properties		**243,828**	245,428
Goodwill		**–**	–
Financial assets at FVOCI		**23,924**	23,808
Financial assets at FVPL		**1,592**	1,550
		280,936	283,120
Current assets			
Financial assets at FVPL		**4,766**	11,303
Forfeited collaterals held for sale		**313**	289
Account receivables	*10*	**69,636**	38,014
Loan receivables		**29,405**	28,476
Deposits, prepayments and other receivables		**28,147**	46,228
Bank balances and cash		**37,857**	19,600
		170,124	143,910
Current liabilities			
Accruals and deposits received		**13,547**	9,686
Bank borrowings		**22,139**	24,267
Tax payables		**644**	567
		36,330	34,520
Net current assets		**133,794**	109,390
Total assets less current liabilities		**414,730**	392,510
Non-current liabilities			
Deferred tax liabilities		**809**	860
NET ASSETS		**413,921**	391,650
Capital and reserves			
Share capital		**7,688**	7,688
Reserves		**406,233**	383,962
TOTAL EQUITY		**413,921**	391,650

1. BASIS OF PREPARATION

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

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period as detailed in Note 2 below.

2. ADOPTION OF NEW REVISED HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to HKFRS 3	Definition of a Business

Amendments to HKASs 1 and 8: Definition of Material
The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 39, HKFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1
The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Definition of a Business
The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. SEGMENT REPORTING

Information reported to the executive directors of the Company, being identified as the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on nature of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable operating segments of the Group.

During the year ended 30 April 2021, as a result of restructure of internal information reporting purposes, the Group has determined that there are three reportable operating segments which are set out below. The securities and related activities segment are combined into financial services segment and the comparative figures have been restated accordingly:

1.	Technology & management:	Technology & management related activities
2.	Property:	Real property and related activities
3.	Financial services:	Consumer finance, securities trading, other financial/business services and related activities

a) Segment revenue, results, assets and liabilities

Segment revenue represents revenue derived from provision of technology & management services, financial services, property leasing services, and trading of listed equity securities.

Segment results represent the revenue reported by each segment without allocation of certain other revenue and other gains, corporate expenses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable operating segments for the year is as follows:

Year ended 30 April 2021

	Technology & management *HK$'000*	**Property** *HK$'000*	**Financial services** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**107,224**	**4,726**	**(1,261)**	**110,689**
Segment results	**36,567**	**1,583**	**(794)**	**37,356**
Gain on disposal of a subsidiary				**175**
Unallocated other revenue and other gains				**452**
Unallocated corporate expenses				**(15,787)**
Finance costs				**(357)**
Profit before income tax				**21,839**
Income tax expense				**(1,601)**
Profit for the year				**20,238**

Year ended 30 April 2020

	Technology & management *HK$'000*	Property *HK$'000*	Financial services *HK$'000*	Consolidated *HK$'000*
Segment revenue	30,689	4,859	(1,525)	34,023
Segment results	23,918	3,405	(2,395)	24,928
Unallocated other revenue and other gains				1,113
Unallocated corporate expenses				(15,442)
Finance costs				(679)
Profit before income tax				9,920
Income tax credit				298
Profit for the year				10,218

The accounting policies of the operating segments are the same on the Group's accounting policies.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

At 30 April 2021

	Technology & management *HK$'000*	**Property** *HK$'000*	**Financial services** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Assets					
Reportable segment assets	**123,507**	**258,474**	**37,523**	**31,556**	**451,060**
Liabilities					
Reportable segment liabilities	**7,748**	**24,393**	**302**	**4,696**	**37,139**
Other information					
Depreciation	**117**	**2**	**1**	**646**	**766**
Gain on disposal of a subsidiary	**–**	**–**	**–**	**175**	**175**
Net (reversal of) impairment losses recognised in respect of financial assets at amortised costs	**4,999**	**(5)**	**(636)**	**1,944**	**6,302**
Change in fair value of investment properties	**–**	**2,333**	**–**	**–**	**2,333**
Change in fair value of financial assets at FVPL	**–**	**–**	**–**	**(42)**	**(42)**
Write-off of deposits and other receivables	**–**	**–**	**–**	**4,255**	**4,255**
Additions to property, plant and equipment	**–**	**20**	**–**	**2**	**22**

	Technology & management *HK$'000*	Property *HK$'000*	Financial services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
At 30 April 2020					
Assets					
Reportable segment assets	85,513	247,897	54,151	39,469	427,030
Liabilities					
Reportable segment liabilities	3,565	26,293	159	5,363	35,380
Other information					
Depreciation	117	–	2	652	771
Net (reversal of) impairment losses recognised in respect of financial assets at amortised costs	(159)	–	1,058	438	1,337
Change in fair value of investment properties	–	761	–	–	761
Change in fair value of financial assets at FVPL	–	–	–	100	100
Write-off of other payables	–	–	–	(89)	(89)
Write-off of deposits paid for acquisition of property, plant and equipment	–	–	–	364	364
Additions to property, plant and equipment	9	–	–	5	14

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

- segment assets include certain property, plant and equipment, investment properties (including right-of-use assets), financial assets at FVOCI, certain financial assets at FVPL, forfeited collateral held for sale, account receivables, loan receivables, certain deposits and other receivables and certain bank balances and cash. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and

- segment liabilities include certain accruals and deposits received, bank borrowings, certain tax payables and certain deferred tax liabilities. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties and property, plant and equipment (the "Specified Non-current Assets"). The geographical location of the revenue is presented based on the entity's countries of domicile. The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets.

	Revenue		**Non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**67,996**	33,100	**230,396**	233,025
Mainland China (the "PRC")	**14,896**	699	**8,293**	7,557
Macau	**–**	224	**16,731**	17,180
Thailand	**8,950**	–	**–**	–
Indonesia	**13,260**	–	**–**	–
Others	**5,587**	–	**–**	–
Total	**110,689**	34,023	**255,420**	257,762

c) Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group is as follows:

	2021	2020
	HK$'000	*HK$'000*
Customer A	**Note**	5,900
Customer B	**–**	5,815
Customer C	**–**	4,860
Customer D	**Note**	4,300
Customer E	**Note**	4,000
Customer F	**13,620**	–

Note: The individual customers contributed less than 10% of the total revenue of the Group in the respective year.

These customers referred to above are mainly from the Group's technology & management segment.

This segment includes traditional business demands as well as newer business demands in the Hong Kong economy, which is currently going through a transitional period, to address new business and social paradigms that result from the Coronavirus Disease 2019 ("COVID-19") environment. These newer business demands include online education technology, distance business, and other virtual event technology.

As a result of the Group's experience in fintech, cloud and virtual technologies having been strengthened during past few years, the Group has been able to transition towards these newer business demands with larger projects during the year. Typically, there is no reliance on any single customer in the long run. Instead, the Group's business seeks to grow by securing new customers and new projects.

4. REVENUE

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

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15 – point in time		
Provision of technology & management services	**107,224**	30,689
Revenue from other sources		
Provision of property leasing services		
– Gross rental income from investment properties	**4,726**	4,859
Provision of financial related services		
– Interest income from consumer finance business	**1,193**	836
– Interest income from pawn business	**–**	16
– Gain on disposal of forfeited collateral held for sale	**–**	211
– Dividend income from listed equity securities	**210**	659
– Net loss on listed equity securities at FVPL (Note)	**(2,664)**	(3,247)
	(1,261)	(1,525)
	110,689	34,023

Note:

	2021	2020
	HK$'000	*HK$'000*
Net loss on listed equity securities at FVPL		
– Change in fair value	**(1,789)**	(2,589)
– Realised loss*	**(875)**	(658)
	(2,664)	(3,247)

* The amount represented the proceeds from the disposal of listed equity securities of approximately HK$3,873,000 *(2020: approximately HK$38,338,000)* less relevant costs and carrying value of the listed equity securities sold of approximately HK$4,748,000 *(2020: approximately HK$38,996,000)*.

5. OTHER REVENUE AND GAINS

	2021	2020
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**36**	60
Government subsidies (Note)	**402**	–
Other interest income	**–**	750
Management fee income	**216**	216
Write-off of other payables	**–**	89
Others	**16**	–
	670	1,115

	2021	2020
	HK$'000	*HK$'000*
Other gains		
Exchange gain, net	**–**	5

Note:

Government subsidies primarily consists of the fiscal support that the relevant government authorities offered to the Group's entities for subsidising staff costs under COVID-19. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these subsidies.

6. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	2021 *HK$'000*	2020 *HK$'000*
Finance costs		
Interest on bank borrowings	**357**	679
Staff costs (including directors' remuneration)		
Salaries, allowances and other benefits in kind	**7,339**	5,017
Discretionary bonus	**1,011**	–
Contributions to defined contribution plans	**109**	88
Total staff costs	**8,459**	5,105
Other items		
Auditor's remuneration		
– Audit services	**780**	600
– Non-audit services	**–**	100
Depreciation		
– Property, plant and equipment	**338**	343
– Right-of-use assets	**428**	428
Direct operating expenses arising from investment properties that generated leasing income	**164**	142
Exchange loss (gain), net	**4**	(5)
Retainer fees (included in "Administrative and other operating expenses")	**37,028**	5,126
Net (reversal of) impairment loss recognised in respect of financial assets at amortised costs		
– Account receivables	**3,961**	1,058
– Loan receivables	**(689)**	236
– Deposits and other receivables	**3,030**	43
Write-off of deposits and other receivables (included in "Administrative and other operating expenses")	**4,255**	–
Write-off of deposits paid for acquisition of property, plant and equipment (included in "Administrative and other operating expenses")	**–**	364

7. INCOME TAX

	2021 *HK$'000*	2020 *HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**1,652**	567
Over-provision in prior year	**–**	(829)
	1,652	(262)
Deferred taxation		
Changes in temporary differences	**(51)**	(36)
Income tax expense (credit) for the year	**1,601**	(298)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which entities in the Group and domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax under these jurisdictions.

The two-tiered profits tax rates regime in Hong Kong is applicable to years of assessment beginning on or after 1 April 2018, under which, the profit tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 30 April 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

PRC Enterprise Income Tax has not been provided for the years ended 30 April 2021 and 2020 as the Group's entities in the PRC incurred a loss for taxation purposes.

8. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 30 April 2021 (2020: Nil). The directors of the Company do not recommend for payment of a final dividend for the year ended 30 April 2021 (2020: Nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the current and prior year is based on profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share were same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during the years ended 30 April 2021 and 2020.

The calculations of basic and diluted earnings per share are based on:

Earnings

	2021	2020
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company, for the purpose of basic and diluted earnings per share	**20,238**	10,218

Number of shares

	2021	2020
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**192,189,833**	192,189,833

10. ACCOUNTS RECEIVABLE

	2021	2020
	HK$'000	*HK$'000*
Accounts receivable		
From third parties	**79,433**	43,850
Less: Loss allowance	**(9,797)**	(5,836)
	69,636	38,014

The ageing of account receivables based on invoice date, net of loss allowance for expected credit losses, at the end of each reporting period is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**7,606**	2,801
31 to 60 days	**6,991**	10,171
61 to 90 days	**6,201**	1,402
91 to 180 days	**11,724**	4,414
Over 180 days	**37,114**	19,226
	69,636	38,014

At the end of the reporting period, the ageing analysis of accounts receivables, net of loss allowance for expected credit losses, by due date is as follows:

	2021	2020
	HK$'000	*HK$'000*
Not past due	**26,597**	17,026
Past due:		
Less than 30 days	**2,129**	1,207
31 to 60 days	**2,437**	706
61 to 90 days	**5,233**	6,239
91 to 180 days	**10,091**	1,997
Over 180 days	**23,149**	10,839
	43,039	20,988
	69,636	38,014

The Group generally allows an average credit period range from 30 to 180 days (2020: 30 to 180 days) to its customers. The Group does not hold any collateral over these balances.

11. DISPOSAL OF A SUBSIDIARY

On 16 April 2021, the Group disposed of its 100% equity interests in Vongroup Financial Services Limited ("VFSL") to an independent third party at a consideration of HK$4,600,000. The principal activity of the VFSL is engaged in technology & management and related activities. The disposal has been completed on 23 April 2021.

The following summarises the consideration and the carrying amount of the assets and liabilities as at the date of disposal:

	HK$'000
Net assets disposed of:	
Trade and other receivables	20,858
Cash and cash equivalents	5
Trade and other payables	(14,858)
Tax payable	(1,580)
	4,425

	HK$'000
Gain on disposal of a subsidiary:	
Cash consideration receivable	4,600
Net assets disposed of	(4,425)
	175

As at 30 April 2021, the consideration of HK$4,600,000 was recognised as consideration receivables included in "Deposits, prepayments and other receivables". In July 2021, approximately 26% of such consideration of approximately HK$1,200,000 was settled.

12. EVENTS AFTER THE REPORTING PERIOD

(i) On 11 June 2021, the completion of (a) the acquisition by the Company's wholly-owned subsidiary VG Investment Assets Holdings Incorporated ("VG Investment") of approximately 17.8% of equity interest in Claman Global Limited ("Claman") at a consideration of approximately HK$15.7 million, by way of allotment and issuance of 34,885,000 consideration shares of the Company (as referred to in the Company's announcement of 22 October 2020), and (b) the subscription by VG Investment for approximately 20.2% equity interest in Claman (as referred to in the Company's announcement of 27 November 2020) at a consideration of approximately HK$14.1 million, took place, pursuant to which the Company became the 50.3% indirect shareholder of Claman, which therefore became an indirect subsidiary of the Company.

Such acquisition and subscription constitute a discloseable transaction under the Listing Rules. Details are set out in the Company's announcements dated 22 October 2020 and 27 November 2020.

(ii) On 27 May 2021, Vongroup Financial Holdings Corporation ("VCFC"), a indirectly wholly-owned subsidiary of the Company, and Karen Michelle Scheinecker, an independent third party, (the "Vendor") entered into a share purchase and strategic alliance agreement, pursuant to which VCFC conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 40% of the equity interest in Rosarini International Limited ("Rosarini"), a fashiontech business, at a consideration of HK$22,000,000, which shall be satisfied as to HK$10,950,000 in cash and as to HK$11,050,000 by the allotment and issue of 17,000,000 consideration shares by the Company (the "Acquisition of Rosarini"). The Acquisition of Rosarini constitutes a discloseable transaction under the Listing Rules. Upon completion of the Acquisition of Rosarini, Rosarini will be an associated company of the Group, and the results of Rosarini will be accounted for using equity method. Details are set out in the Company's announcement dated 27 May 2021. The Acquisition of Rosarini has not yet completed as of the date of this announcement.

(iii) On 29 July 2021, United Luck Limited, an indirectly wholly-owned subsidiary of the Company, entered into a provisional agreement with independent third parties to dispose of an investment property with carrying amount of approximately HK$11,088,000 at a consideration of HK$11,880,000. The transaction has not yet completed as of the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

This past year has seen the continuation of business growth for the Group, especially in relation to our technology business, focusing on "technology-for-business". This means we have achieved significantly higher revenue and profit in the year ended 30 April 2021.

Over the past year and a half of living with COVID-19, many of the business and social practices have changed dramatically, emerging as the "new normal". During the past 14 years since 2007, Vongroup has refined and developed our main business as a "technology service and solutions provider" under this dynamic environment that focuses primarily on being a "business-driven technology services and solutions provider", like fintech, ecommerce, payment, cloud technology and enterprise solutions. This now extends to providing enterprise architecture, technology transformation, custom platforms and solutions, including transformation "new normal" solutions. Our diversified client base in Hong Kong, and regionally in Mainland China, South Korea, Japan, Macau, and Southeast Asia, amongst others, demonstrates that there is significant demand for such "technology-for-business" services and solutions. Our clients range from SMEs to international businesses. These include businesses that are involved in financial services, wealth management, ecommerce, education, media and entertainment industries, amongst others.

Building upon the Group's past few years of steady growth in providing technology services and solutions, we have seen growth that is now accelerated by the "new normal" resulting from the COVID-19 pandemic.

Due mainly to the performance of our technology business, the Group recorded revenue of approximately HK$110.7 million (2020: approximately HK$34 million) during the year (226% growth) and profit for the year of approximately HK$20.2 million (2020: approximately HK$10.2 million) (98% growth). This continues the Group's successful record of profit into the fourth successive year following its turnaround during the year ended 30 April 2018.

It is frequently acknowledged that the "new normal" brought about by the pandemic has not been changes in consumer and business behaviour. Instead, many enterprises agree that the pandemic has accelerated these changes, which were likely to have been inevitable anyway. It's probably just a matter of time that technology and usage behaviour would have taken us there. We expect that enterprises will continue to accelerate their investment in digital transformation to address this "new normal". For example, to quote the senior economist at Swiss Re, he takes the view that the increased use of digital tools is blurring the lines between work, lifestyle and social interaction, and between domains like mobility, health and finance, and that this is expected to continue in the post-COVID world. Vongroup shares this view of the post-COVID world once the pandemic is over.

BUSINESS REVIEW

Technology

We have been engaged in technology business for 14 years, since 2007 when we began to provide technology services.

One of our earlier projects in 2007 involved consulting, developing and managing in relation to an electronic ticketing system to manage and operate electronic admissions and payments for parks and tourist attractions in Mainland China.

Since that time our technology business has evolved, especially since 2014, into focusing on being a "business-driven technology services and solutions provider".

Since 2017, we have been 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. Our full one-stop service includes technology-for-business consultancy services, software application development services, technical and maintenance services.

In 2020, after the dramatic changes brought about by the COVID-19 pandemic, we focused on addressing enterprise solutions for doing business in the "new normal" environment, like fintech, ecommerce, payment, enterprise solutions, enterprise architecture, technology transformation, customised business platforms and cloud technologies.

It is inherent in the nature of the digital technology business that technologies evolve and become obsolete, and get replaced by newer technologies at much shorter intervals than commonly is the case for many other tools or skillsets in other industries. Therefore, we believe that the business, management and sales skills that the Group brings to clients and projects are just as important as traditional technology skills, and these are some of the key areas that our staff are highly experienced in and contribute significantly to the Group's business growth.

We intend to strengthen our business model by adding to the breadth and depth of the technology services and solutions that we operate. Therefore, we are actively negotiating and incorporating a number of advanced and commercially-drive technology services and solutions to add to our "stable", in order to create further synergy and to generate greater business opportunities for the Group.

The technology business recorded revenue of approximately HK$107.2 million (2020: approximately HK$30.7 million) (249% growth) with profit for the year of approximately HK$36.6 million (2020: approximately HK$23.9 million) (53% growth). As the Group has taken new initiatives to seek to explore and expand this business, we envisage that the revenue and profit of this business will see continuing growth during the upcoming year.

To further our technology business and to expand rapidly to exploit the window of opportunities in the shifting economy, and paradigm changes brought about by the "new normals", we are currently engaged in preliminary discussions to make possible acquisitions of or enter into business partnerships with established, highly-reputable, and high-growth technology services and products, which would present synergistic value with our existing technology services and solutions, and which would add to and deepen our business scope. The details of these possible additions are referred to in our announcements, for example, regarding (a) acquiring a controlling interest in Claman Global Limited which owns leading SaaS platforms whose enterprise clients include major international events and virtual business exhibitions and trade shows, and which has processed online FinTech services for over 200,000 transacted customers, (b) possible acquisition of an Enterprise Team Collaboration software and an Ecommerce business, in addition to strategic co-operation alliance to grow our technology solutions business, (c) possible acquisition of an Education Technology business, and (d) the investment in Rosarini International Limited, a FashionTech business. If these materialise, they would be expected to further strengthen the Group's technology and management business, and the Group would look forward to further growth in our technology business results.

Other Business

Our property operations are managed with a two-pronged approach of value gain and rental income to optimize 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. These properties are acquired, managed, operated and disposed 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) change of fair value from our properties are recorded and contribute towards profit or loss for the year.

Rental income for the year has been fairly steady at approximately HK$4.7 million (2020: approximately HK$4.9 million). As many property values in Hong Kong have been seriously affected by the COVID-19 pandemic, we recorded a relatively small decrease in unrealized fair value of investment properties during the year, being approximately HK$2.3 million decrease (2020: loss of approximately HK$0.8 million). This decrease is approximately 0.9% of the HK$245.4 million fair value of investment properties as at 30 April 2020. When such changes in fair value of investment properties are excluded, our property business recorded stable profit HK$3.9 million in profit during the year (2020: approximately HK$4.2 million).

Given market conditions, we believe that the optimum times and values for disposing of selected properties may be during the coming 12 months, however we also believe that there would be undervalued opportunities regionally outside Hong Kong. For example, on 29 July 2021, after the end of the financial year under review, we issued an announcement in relation to our disposal of one property asset at consideration of HK$11.88 million.

The financial services business provides consumer finance services, securities trading and other financial related services. During the year, we recorded negative revenue of approximately HK$1.3 million (2020: approximately negative HK$1.5 million), resulting in loss of approximately HK$0.8 million (2020: loss of approximately HK$2.4 million). We expect to continue to reduce the weighting of this segment, as compared with the growth in the technology sector.

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.

FUND RAISING EXERCISES

The Company did not have any equity fund raising activity during the year.

SIGNIFICANT INVESMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of Additional Equity Interest and Subscription for Additional Equity Intersest in Claman Global Limited

Claman is a company incorporated in the British Virgin Islands with limited liability. Claman and its subsidiary are engaged in the financial technology industry including in relation to technologies and services that seek to increase the efficiency of online financial transactions.

On 22 October 2020, VG Investment Assets Holdings Limited ("VG Investment"), a wholly-owned subsidiary of the Company, and Allyking International Limited entered into a share purchase agreement in relation to the acquisition of approximately 17.8% equity interest in Claman at a consideration of approximately HK$15.7 million payable by the allotment and issue of 34,885,000 new shares of the Company at the issue price of HK$0.45 per share.

On 27 November 2020, VG Investment and Claman entered into a subscription agreement in relation to subscription of approximately 20.2% equity interest in Claman at a consideration of approximately HK$14.1 million, payable in cash.

On 11 June 2021, the completion of such acquisition and subscription took place. Following the completion, the Company indirectly owns approximately 50.3% equity interest in Claman, and its financial results will be consolidated into the financial statements of the Group. Details of the above were disclosed in the announcements of the Company dated 22 October 2020, 27 November 2020, 27 May 2021 and 11 June 2021.

As at 31 April 2021, the carrying value of Claman as financial assets at FVOCI of the Group was approximately HK$23.9 million (2020: approximately HK$23.8 million). For the year ended 30 April 2021, a fair value gain of approximately HK$0.1 million (2020: a fair value loss of approximately HK$0.3 million) was recognised in financial assets at FVOCI reserve.

Save as disclosed above, the Group had no discloseable investment, acquisition of subsidiaries, associates and joint ventures during the year ended 30 April 2021. Subsequent to the reporting period, the Group has the following material acquisition and disposal;

(1) Acquisition of 40% Equity Interest in Rosarini International Limited ("Rosarini")

Rosarini is a company incorporated in the British Virgin Islands with limited liability. Rosarini is principally engaged in the FashionTech business, operating its proprietary-branded smart-textile apparel line, and has been operating in the Hong Kong and Asian markets for over 15 years, including having developed its wrinkle-resistant apparel lines.

On 27 May 2021, a wholly-owned subsidiary of the Company, Vongroup Consumer Finance Corporation ("VCFC"), entered into the Share Purchase and Strategic Alliance Agreement with Karen Michelle Scheinecker (the "Rosarini Vendor"), pursuant to which VCFC conditionally agreed to acquire, and the Rosarini Vendor has conditionally agreed to sell, 40% equity interest in Rosarini at a consideration of HK$22,000,000, which shall be satisfied as to HK$10,950,000 in cash and as to HK$11,050,000 by the allotment and issue of 17,000,000 Consideration Shares credited as fully paid, pursuant to the General Mandate.

Upon completion of the acquisition, the Company will hold 40% of Rosarini. The financial results of Rosarini would therefore then be accounted for using equity method as an associated company in the accounts of the Group.

Pursuant to the Share Purchaser and Strategic Alliance Agreement, the Rosarini Vendor has additionally conditionally granted to VCFC the right to acquire up to a further 11% equity interest in Rosarini from the Rosarini Vendor, which right is exercisable at the discretion of VCFC within 2 years of the completion of the acquisition, at an exercise consideration of HK$6,050,000, or pro rata amount for partial exercise.

If VCFC fully exercises its right in respect of such additional acquisition, and assuming no change in the shareholding of Rosarini, the Company will hold 51% of Rosarini, in which case the financial results of Rosarini would then be consolidated into the accounts of the Group. As at date of the announcement, the acquisition of Rosarini has not yet completed. Details of the above were disclosed in the announcement of the Company dated 27 May 2021.

(2) Disposal of an investment property

On 29 July 2021, United Luck Limited, an indirectly wholly-owned subsidiary of the Company, entered into the provisional agreement with independent third parties to dispose of an investment property with carrying amount of approximately HK$11,088,000 at a consideration of HK$11,880,000. As at date of this announcement, the transaction was not yet completed. Details of the above were disclosed in the announcement of the Company dated 29 July 2021.

FUTURE PROSPECTS

Going forward, we will strive to further increase the breadth and depth of our spectrum of digital services and solutions that we offer. We intend to achieve this by both our internal R&D, as well as by acquisitions and operational business partnerships, in order to be a "*digital ecosystem partner for the new normal*", so that when enterprises need to revisit or digitally transform their business operations in light of the "new normal" of consumer and market behaviour resulting from the COVID-19 pandemic, the Group will be one of the potential partners they should consider talking to. At the same time, as these transformation needs occur almost all over the world, we will seek to further expand internationally, including leveraging upon our experience to provide consultancy services to improve or develop customers' technology-focused commercial models. Following 14 years of technology experience, coupled with even longer commercial operation experience, we are optimistic that we will continue to grow our presence in Hong Kong and regionally.

In the coming months and year, to realise this mission, we intend to expand our technology services and solutions to launch software and leading-edge services, including online platforms. These initiatives are intended to bring the Group closer to becoming the "digital ecosystem partner for the new normal". We seek to continue to expand our services and solutions, both in Hong Kong and regionally outside Hong Kong.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained cash and bank balances as at 30 April 2021 amounting to approximately HK$37.9 million (2020: approximately HK$19.6 million). The Group's current ratio as at 30 April 2021 was 4.7 (2020: 4.2). The total equity of the Group amounted to HK$413.9 million (2020: HK$391.7 million) as at 30 April 2021.

Gearing

The gearing ratio, as a ratio of bank borrowings to total equity, was 0.05 as at 30 April 2021 (2020: 0.06).

Exchange Rate Exposure

The Group's assets, liabilities and cash flow from operations are mainly denominated in Hong Kong dollars and Renminbi. The Group currently does not have any related foreign exchanges 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.

As at 30 April 2021, there were bank borrowings, which were denominated in Hong Kong dollars, of approximately HK$22.1 million (2020: approximately HK$24.3 million). All bank borrowings were subject to interest rate of 0.7%-1.5% per annum over 1-month to 3-month HIBOR, and capped at 2.45%-2.7% per annum below prime rate. The bank borrowings are not repayable within one year from the end of the reporting period but contains a repayment on demand clause, therefore all bank borrowings were classified into current liabilities of the Group.

Contingent Liabilities

As at 30 April 2021, the Group did not have any material contingent liability (2020: Nil).

Pledge of assets

As at 30 April 2021, the bank borrowings are secured and guaranteed by investment properties of the Group with an aggregate net carrying amount of approximately HK$118.6 million (2020: approximately HK$121.3 million) and leasehold land and buildings with an aggregate net carrying amount of approximately HK$11.2 million (2020: approximately HK$11.6 million).

Commitments

The Group had no capital commitments during the year (2020: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2021, the Group had 50 (2020: 30) 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 2021.

CORPORATE GOVERNANCE REPORT

During the year, 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. two are three independent non-executive Directors of the Company and they were unable to attend the 2020 annual general meeting of the Company held on 30 October 2020 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 2021 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MAZARS CPA 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 2021 as set out in this announcement have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars") to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars 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 Mazars on the preliminary announcement.

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 2021 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, 30 July 2021

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*