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**VONGROUP LIMITED**

**黃河實業有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

(Stock code: 318)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021**

**FINANCIAL HIGHLIGHTS**

We have achieved robust and steady growth, especially in our main business as a “technology service and solutions provider” which now extends to Vongroup focusing primarily in higher-security and remote-interaction areas that include fintech, ecommerce, payments, cloud technology and enterprise solutions, team enterprise collaboration and messaging systems, enterprise architecture, technology transformation, virtual reality (VR) and augmented reality (AR), virtual and hybrid online-and-offline conferences and exhibitions, custom platforms, and other digital event management and “new normal” solutions.

We have seen significant growth in the Group’s revenue and profit for the six months ended 31 October 2021, as compared with the same period in the previous year. This growth has been accelerated by the trend of digital transformation in technology and big data, which has been accelerated due to the economic disruption during the “new normal” of the COVID-19 pandemic.

For the six months ended 31 October 2021, as compared with the same period in the previous year:

- \* Turnover increased by 93% to HK\$91.9 million
- \* Profit from operations increased by 24% to HK\$15.8 million
- \* Profit for the period increased by 26% to HK\$15.8 million
- \* Technology sector revenue increased by 93% to HK\$87.4 million

## CEO'S STATEMENT

Dear Shareholders,

### Performance

Following the initial recovery of the economy from severe recession amid vaccine rollouts, as well as the trend of digital transformation in technology and big data which was accelerated due to economic disruption during the “new normal” of the COVID-19 pandemic, Vongroup posted robust performance and healthy growth, underpinned by its core technology-for-business services and solutions, for the six months ended 31 October 2021. For the six months under review, as compared with the same period last year, the Group's revenue increased by 93% to HK\$91.9 million, profit from operations increased by 24% to HK\$15.8 million, profit for the period increased by 26% to HK\$15.8 million, and technology sector revenue increased by 93% to HK\$87.4 million.

Over the past two years of the pandemic, many business and social practices have changed dramatically, which have now emerged as the “new normal”. Many enterprises have had to address how to do business, and have now settled in to new methods of business-customer interaction that many of us have now become accustomed to. Vongroup upholds the belief that we must consistently deliver a “stable” of reliable, top-notch “technology-for-business” services and solutions that addresses this “new normal”, both in Hong Kong and regionally elsewhere in Asia.

Since 2007, Vongroup has refined and developed our main business as a “technology service and solutions provider” which now extends to Vongroup focusing primarily in higher-security and remote-interaction areas that include fintech, ecommerce, payments, cloud technology and enterprise solutions, team enterprise collaboration and messaging systems, enterprise architecture, technology transformation, virtual reality (VR) and augmented reality (AR), virtual and hybrid online-and-offline conferences and exhibitions, custom platforms, and other digital event management and “new normal” solutions.

### Securing new and renewal contracts from Hong Kong and regional Asian clients

The Group's client base continues to be diversified, and it has achieved continued success in securing clients in Hong Kong and regionally in Mainland China, South Korea, Japan, Indonesia, Thailand, and elsewhere in Southeast Asia, amongst others. Its clients range from SMEs to international businesses. New and renewal contracts have been secured during the period under review. These include businesses in investment banking, financial services, wealth management, legal services, ecommerce, education and training, media and entertainment industries, hospitality and retail, marathon and other major leisure and sporting events, amongst others.

### Additions and alliances to our ecosystem of technology capabilities

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 the next step in the continuing upgrade or enhancement of our “stable” of offerings that is expected to improve our ability to generate more revenue and profits. Likewise, although we have been focusing on addressing the significant client demand in the face of the “new normal”, as anything to do with the pandemic is new to everybody and every business, nevertheless, the business-driven technology applied 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 also expand regionally outside Hong Kong.

In this regard, the Group has achieved the following business expansion and development milestones during the six months ended 31 October 2021, amongst others:

- \* Acquired majority ownership in Claman Global Limited (“Claman”), which strengthens the Group's capabilities with its multi-function cloud management platform system and business, including SaaS platforms, with built-in multi-language systems and advanced payment tools for digital fintech management of e-commerce and large-scale international events like the Hong Kong Marathon, and virtual and hybrid events like conferences and trade shows, and which has processed online FinTech services for over 200,000 transacted customers
- \* Acquired entire ownership in TeamTech Digital Corporation, which strengthens the Group's capabilities with its majority-owned enterprise team collaboration system and software business, and e-commerce business, in addition to strategic co-operation alliance to grow the Group's technology solutions business
- \* Entered into an agreement to acquire majority ownership in Greenie EdTech Corporation, which, when completed, would be expected to strengthen the Group's capabilities to provide EdTech services in relation to online education and digital training

- \* Entered into an agreement to acquire an ownership in Rosarini International Limited, which, when completed, would be expected to expand the Group’s capabilities to generate business from FashionTech-related customers, especially in relation to digital sales and ecommerce
- \* Entered into strategic alliances and joint go-to-market co-operation with a leading Asian operator of virtual and hybrid conference and exhibitions for Asian and global clients, and with a leading Asian mobile marketing business

### **Team Enterprise Collaboration Systems and Software**

In particular, as we witness accelerated growth of the digital economy in the “new normal”, we also see significant increase in cyber risks, resulting in higher vulnerabilities for enterprises, and their growing need to invest in minimizing or mitigating cyber risks. The Group will seek to grow its higher-security digital services to facilitate the digital transformation of enterprises in Hong Kong and elsewhere regionally in Asia that includes addressing security and compliance issues. According to some industry reports, a significant portion, perhaps over a quarter, of global cyber-attacks occurred in Asia, which not only damage an organisation’s technology assets, but also cause financial and reputational losses, constraining future business growth. The Group expects that its higher-security TeamTech enterprise collaboration system and software business will benefit from these “new normal” business practices and address the corresponding security risks.

### **FinTech, VR, AR and Cloud Management Platforms**

Building on the Group’s fintech, cloud, VR and AR technology business foundations, especially after its acquisition of Claman, it is in a unique position to support digital transformation for business and to continue expanded deployment of its platforms to facilitate digital management of major events, that include international events and activities like the Hong Kong Marathon, as well as international virtual and hybrid conferences and exhibitions that have spurred significant demand due to restrictions or prohibitions in international travel or due to social distancing practices.

### **Outlook**

The Group will seek to continue to reinforce its status as a quality technology-for-business provider of a stable of “new normal” services and solutions. We believe that in Hong Kong and regionally elsewhere in Asia, there will continue to be increased investment in digital transformation. We look forward to achieving continuing growth in our technology-for-business services and solutions business in Hong Kong and elsewhere regionally in Asia.

The Group will also 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. With the combination of the Group’s applied technology and commercial operation experience over the past 14 years, we are optimistic that we will continue to grow our presence in Hong Kong and regionally in Asia.

It is commonly believed that vaccination is the critical path towards addressing the current COVID-19 pandemic. With increasing vaccinations, we believe that Hong Kong and international economies ought to head towards their rebound. However, the Group is cautious in its management, and will diligently monitor changes in the Hong Kong and global economic and pandemic environment. And as we continue to strengthen our stable financial foundation, the Group is in a strong position to continue to seek and secure growth and synergistic opportunities in what appears to be somewhat uncertain business environments, with the view to generate further shareholder value.

Finally, I would like to sincerely thank all our team members and our sales channel partners and other business associates for their tireless and dedicated work in an extremely challenging year to make this successful year happen.

**Vong Tat Ieong David**  
*Chief Executive Officer*

Hong Kong, 31 December 2021

The board of directors (the “Board” or “Directors”) of Vongroup Limited (the “Company”) wishes to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 October 2021, 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 2021

	Note	Six months ended 31 October (unaudited)	
		2021 HK\$'000	2020 HK\$'000
<b>Turnover</b>	4	91,857	47,542
Other revenue and net gains	4	881	339
Staff costs		(11,580)	(5,754)
Expenses recognised under short-term leases		(614)	(392)
Depreciation		(1,431)	(381)
Administrative and operating expenses		(60,070)	(22,662)
Net impairment losses recognised in respect of financial assets at amortised cost		(4,128)	(4,255)
Change in fair value of investment properties		847	(1,724)
<b>Profit from operations</b>	5	15,762	12,713
Finance costs	6	(159)	(209)
<b>Profit before taxation</b>		15,603	12,504
Income tax credit	7	207	1
<b>Profit for the period</b>		15,810	12,505
<b>Other comprehensive (expense)/income</b>			
Exchange differences arising on translation of foreign operations		(480)	666
<b>Total comprehensive income for the period</b>		15,330	13,171
<b>Profit for the period attributable to:</b>			
Owners of the Company		14,087	12,505
Non-controlling interests		1,723	–
		15,810	12,505
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		13,607	13,171
Non-controlling interests		1,723	–
		15,330	13,171
<b>Earnings per share</b>			
Basic and diluted	9	HK\$0.064	HK\$0.065

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2021

	Note	31 October 2021 HK\$'000 (unaudited)	30 April 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		11,209	11,592
Investment properties		233,599	243,828
Goodwill		30,959	–
Intangible assets		23,818	–
Financial assets at fair value through other comprehensive income		–	23,924
Financial assets at fair value through profit or loss		1,592	1,592
		<u>301,177</u>	<u>280,936</u>
<b>Current assets</b>			
Financial assets at fair value through profit and loss		6,566	4,766
Forfeited collaterals held for sale		318	313
Accounts receivable	10	88,015	69,636
Inventories		2,569	–
Loan receivables		28,379	29,405
Deposits, prepayments and other receivables		35,431	28,147
Bank balances and cash		62,019	37,857
		<u>223,297</u>	<u>170,124</u>
<b>Current liabilities</b>			
Accruals, deposits received and other payables		22,423	13,547
Bank borrowings		41,072	22,139
Other borrowing		250	–
Tax payables		647	644
		<u>64,392</u>	<u>36,330</u>
<b>Net current assets</b>		<u>158,905</u>	<u>133,794</u>
<b>Total assets less current liabilities</b>		<u>460,082</u>	<u>414,730</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		601	809
Other borrowing		1,250	–
		<u>1,851</u>	<u>809</u>
<b>NET ASSETS</b>		<u><u>458,231</u></u>	<u><u>413,921</u></u>
<b>Capital and reserves</b>			
Share capital		9,083	7,688
Reserves		434,134	406,233
		<u>443,217</u>	<u>413,921</u>
Non-controlling interests		15,014	–
<b>TOTAL EQUITY</b>		<u><u>458,231</u></u>	<u><u>413,921</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 October 2021*

### 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 and financial assets 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 2021, except that the Group has adopted, for the first time for the current period’s unaudited condensed consolidated interim financial statements, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “New HKFRSs”) issued by the HKICPA that are effective for the accounting period commencing on 1 May 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS Interest Rate Benchmark Reform – Phase 2  
4 and HKFRS 16

Amendment to HKFRS 16

COVID-19-Related Rent Concessions beyond 30 June 2021

The directors of the Company anticipate that the application of amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in this unaudited condensed consolidated interim financial information.

### 3. SEGMENT INFORMATION

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

For the six months ended 31 October 2021, the Group has determined that there are three reportable operating segments which are set out below. The comparative figures have been restated accordingly.

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

#### (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 or financing activities 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.

#### *Segment revenue and results*

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

#### Six months ended 31 October 2021 (unaudited)

	Technology HK\$'000	Property HK\$'000	Financial HK\$'000	Consolidated HK\$'000
Segment revenue	<u>87,374</u>	<u>1,943</u>	<u>2,540</u>	<u>91,857</u>
Segment results	<u>26,195</u>	<u>2,569</u>	<u>1,899</u>	<u>30,663</u>
Unallocated other revenue and other gains				30
Unallocated corporate expenses				(14,931)
Finance costs				<u>(159)</u>
Profit before income tax				15,603
Income tax credit				<u>207</u>
Profit for the period				<u>15,810</u>

Six months ended 31 October 2020 (unaudited)

	Technology <i>HK\$'000</i>	Property <i>HK\$'000</i>	Financial <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>45,342</u>	<u>2,386</u>	<u>(186)</u>	<u>47,542</u>
Segment results	<u>25,782</u>	<u>125</u>	<u>(664)</u>	<u>25,243</u>
Unallocated other revenue and other gains				339
Unallocated corporate expenses				(12,869)
Finance costs				<u>(209)</u>
Profit before income tax				12,504
Income tax credit				<u>1</u>
Profit for the period				<u><u>12,505</u></u>

**(b) Geographical segments**

The following table provides an analysis of the Group's segment revenue by geographical market.

	<b>Six months ended 31 October (unaudited)</b>	
	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Hong Kong and Mainland China	<b>47,886</b>	47,542
Others	<b>43,971</b>	–
Total	<u><b>91,857</b></u>	<u>47,542</u>

**(c) Information about major customers**

The Group has a wide customer base and no single customer contributed more than 10% of the Group's revenue for the six months ended 31 October 2021 (2020: nil).



#### 4. TURNOVER, OTHER REVENUE AND NET GAINS

The Group's turnover, other revenue and other net gains for the period arose from the following activities:

	<b>Six months ended 31 October (unaudited)</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<i>Revenue from contracts with customers within HKFRS 15</i>		
<b>Provision of technology and related activities</b>	<b>87,374</b>	45,342
<i>Revenue from other sources</i>		
<b>Provision of property leasing services</b>		
– Gross rental income from investment properties	<b>1,943</b>	2,386
<b>Provision of financial related activities</b>		
– Interest income	<b>622</b>	552
– Dividend income from listed equity securities	<b>118</b>	163
– Net profit/(loss) on listed equity securities at FVPL (Note)	<b>1,800</b>	(901)
	<b>2,540</b>	(186)
	<b>91,857</b>	47,542

*Note:*

	<b>Six months ended 31 October (unaudited)</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net profit/(loss) on listed equity securities at FVPL		
– Change in fair value	<b>1,800</b>	(1,102)
– Realised gain*	<b>–</b>	201
	<b>1,800</b>	(901)

	<b>Six months ended 31 October (unaudited)</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other revenue and net gains</b>		
Bank interest income	<b>16</b>	20
Gain on disposal of investment property	<b>792</b>	–
Management income	<b>59</b>	108
Others	<b>14</b>	211
	<b>881</b>	339

## 5. PROFIT FROM OPERATIONS

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

	Six months ended 31 October (unaudited)	
	2021	2020
	HK\$'000	HK\$'000
Staff costs	11,580	5,754
Gross rental income from investment properties less direct outgoings of approximately HK\$101,000 (2020: approximately HK\$150,000)	<u>(1,842)</u>	<u>(2,236)</u>

## 6. FINANCE COSTS

	Six months ended 31 October (unaudited)	
	2021	2020
	HK\$'000	HK\$'000
Interest on bank borrowings	<u>159</u>	<u>209</u>

## 7. INCOME TAX CREDIT

	Six months ended 31 October (unaudited)	
	2021	2020
	HK\$'000	HK\$'000
Profits tax:		
Write back of deferred tax	<u>207</u>	<u>1</u>
Income tax credit for the period	<u>207</u>	<u>1</u>

No provision for profits tax in the Cayman Islands, British Virgin Islands, PRC and Hong Kong has been made as the Group has no income assessable for tax for the period in these jurisdictions (2020: nil).

## 8. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2021 (2020: nil).

## 9. EARNINGS PER SHARE

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

	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
<b>Earnings for the period</b>		
Earnings for the purpose of basic and diluted earnings per share	<u>14,087</u>	<u>12,505</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>219,301,545</u>	<u>192,189,833</u>

## 10. ACCOUNT RECEIVABLES

	31 October 2021 <i>HK\$'000</i> (unaudited)	30 April 2021 <i>HK\$'000</i> (audited)
Accounts receivable	100,741	79,433
Less: Loss allowance	<u>(12,726)</u>	<u>(9,797)</u>
	<b><u>88,015</u></b>	<b><u>69,636</u></b>

The following aged analysis of account receivables is based on invoice date:

	31 October 2021 <i>HK\$'000</i> (unaudited)	30 April 2021 <i>HK\$'000</i> (audited)
Within 30 days	17,381	7,606
31 to 60 days	15,298	6,991
61 to 90 days	13,385	6,201
91 to 180 days	26,202	11,724
Over 180 days	<u>15,749</u>	<u>37,114</u>
	<b><u>88,015</u></b>	<b><u>69,636</u></b>

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

The Group maintains a defined credit policy including stringent credit evaluation. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk.

## 11. 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 31 December 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Performance

Following the initial recovery of the economy from severe recession amid vaccine rollouts, as well as the trend of digital transformation in technology and big data which was accelerated due to economic disruption during the “new normal” of the COVID-19 pandemic, the Group recorded robust growth in its performance for the six months ended 31 October 2021, especially in its technology-for-business services and solutions business.

It is well-known that many business and social practices have changed dramatically during the past two years of the COVID-19 pandemic, with disruptive adaptations to the “new normal”, which in many instances call for new extended forms of digital and remote interaction, as well as higher-security and compliance needs. The Group has benefited from this transformation, as a result of its work since 2007, in having refined and developed its main business as a technology-for-business services and solutions provider that focuses primarily in higher-security and remote-interaction areas that include fintech, ecommerce, payments, cloud technology and enterprise solutions, team enterprise collaboration and messaging systems, enterprise architecture, technology transformation, virtual reality (VR) and augmented reality (AR), virtual and hybrid online-and-offline conferences and exhibitions, custom platforms, and other digital event management and “new normal” solutions.

To continue to strengthen the Group’s services, solutions, and tools it has been expanding its “stable” of products and services for providing technology-for-business services and solutions in this “new normal”. In this regard, the Group has achieved the following business expansion and development milestones during the six months ended 31 October 2021, amongst others:

- \* Acquired ownership in a multi-function cloud management platform system and business, including SaaS platforms, with built-in multi-language systems and advanced payment tools for digital fintech management of e-commerce and large-scale international events like the Hong Kong Marathon, and virtual and hybrid events like conferences and trade shows, and which has processed online FinTech services for over 200,000 transacted customers
- \* Acquired ownership in an enterprise team collaboration system and software business, and e-commerce business, and entered into strategic co-operation alliance to grow the Group’s technology solutions business
- \* Entered into an agreement to acquire ownership in an EdTech business in relation to online education and digital training
- \* Entered into an agreement to acquire an ownership in a FashionTech-related business
- \* Entered into strategic alliances and joint go-to-market co-operation regarding virtual and hybrid conference and exhibitions, and mobile marketing business

The Group’s client base continues to be diversified. We have achieved continued success in securing clients in Hong Kong and regionally in Mainland China, South Korea, Japan, Indonesia, Thailand, and elsewhere in Southeast Asia, amongst others. Its clients range from SMEs to international businesses. New and renewal contracts have been secured during the period under review. These include businesses in investment banking, financial services, wealth management, legal services, ecommerce, education and training, media and entertainment industries, hospitality and retail, marathon and other major leisure and sporting events, amongst others.

As a result of the Group’s achievements, the Group’s revenue for the six months ended 31 October 2021 increased by 93% to HK\$91.9 million.

For the six months ended 31 October 2021, profit from operations increased by 24% to HK\$15.8 million, profit for the period increased by 26% to HK\$15.8 million, and technology sector revenue increased by 93% to HK\$87.4 million.

The Group’s property business has seen steady performance, generating stable rental income as well as capital value increase.

This continues the Group’s successful record of profit following its four successive years of profit starting with its turnaround during the year ended 30 April 2018.

## Outlook

The Group will seek to continue to reinforce its status as a quality technology-for-business provider of a stable of “new normal” services and solutions. We believe that in Hong Kong and regionally elsewhere in Asia, there will continue to be increased investment in digital transformation. We look forward to achieving continuing growth in our technology-for-business services and solutions business in Hong Kong and elsewhere regionally in Asia.

The Group will also 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. With the combination of the Group’s applied technology and commercial operation experience over the past 14 years, we are optimistic that we will continue to grow our presence in Hong Kong and regionally in Asia.

In particular, as we witness accelerated growth of the digital economy in the “new normal”, we also see significant increase in cyber risks, resulting in higher vulnerabilities for enterprises, and their growing need to invest in minimizing or mitigating cyber risks. The Group will seek to grow its higher-security digital services to facilitate the digital transformation of enterprises in Hong Kong and elsewhere regionally in Asia that includes addressing security and compliance issues. According to some industry reports, a significant portion, perhaps over a quarter, of global cyber-attacks occurred in Asia, which not only damage an organisation’s technology assets, but also cause financial and reputational losses, constraining future business growth. The Group expects that its higher-security TeamTech enterprise collaboration system and software business will benefit from these “new normal” business practices and addressing the corresponding security risks.

Building on the Group’s fintech, cloud, VR and AR technology business foundations, especially after its acquisition of Claman, it is in a unique position to support digital transformation for business and to continue expanded deployment of its platforms to facilitate digital management of major events, that include international events and activities like the Hong Kong Marathon, as well as international virtual and hybrid conferences and exhibitions that have spurred significant demand due to restrictions or prohibitions in international travel or due to social distancing practices.

The Group will seek to deepen its market penetration with synergistic technology-for-business services and solutions offerings its clients and to clients of acquired entities, in order to create new revenue streams, especially those that meet new business demands resulting from new business and social practices necessitated by the COVID-19 pandemic.

Although the Group’s property segment generates steady income and stable capital value appreciation, we will continue to seek opportunities and opportune timing as we target to reduce its weighting.

It is commonly believed that vaccination is the critical path towards addressing the current COVID-19 pandemic. With increasing vaccinations, we believe that Hong Kong and international economies ought to head towards their rebound. However, the Group is cautious in its management, and will diligently monitor changes in the Hong Kong and global economic and pandemic environment. And as we continue to strengthen our stable financial foundation, the Group is in a strong position to continue to seek and secure growth and synergistic opportunities in what appears to be somewhat uncertain business environments, with the view to generate further shareholder value.

## Business Review

### *Technology – Meeting “New Normal” Demands*

The Group delivered a solid set of financial results for the six months ended 31 October 2021, amid the ongoing impact of the COVID-19 pandemic, and set against the background of the “new normal”.

The COVID-19 pandemic has highlighted the importance of digital transformation, remote interaction, and higher-security concerns, under the “new normal”. As a quality provider of technology-for-business services and solutions, the Group has remained focused on areas that include fintech, ecommerce, payments, cloud technology and enterprise solutions, team enterprise collaboration and messaging systems, enterprise architecture, technology transformation, virtual reality (VR) and augmented reality (AR), virtual and hybrid online-and-offline conferences and exhibitions, custom platforms, and other digital event management and “new normal” solutions.

Leveraging on the Group’s solid fundamentals, and its continuing refinement and development of its technology business since 2007, its technology business has continued to achieve robust growth momentum as enterprise customers intensified their digital transformation efforts in response to the COVID-19 pandemic and the changing behaviour and requirements of their staff, their customers and their business associates.

The Group's client base continues to be diversified. We have achieved continued success in securing clients in Hong Kong and regionally in Mainland China, South Korea, Japan, Indonesia, Thailand, and elsewhere in Southeast Asia, amongst others. Its clients range from SMEs to international businesses. New and renewal contracts have been secured during the period under review. These include businesses in investment banking, financial services, wealth management, legal services, ecommerce, education and training, media and entertainment industries, hospitality and retail, marathon and other major leisure and sporting events, amongst others.

As a result, the technology segment recorded revenue increase of 93% to HK\$87.4 million (2020: HK\$45.3 million), and profit for the period increased by 1.6% to HK\$26.2 million (2020: HK\$25.8 million).

#### ***Technology – Additions and potential Additions***

It is inherent in the nature of the digital technology business that technologies will evolve, and old technologies will gradually become obsolete, getting replaced by newer technologies at much shorter intervals than commonly would be the case for many other tools or skillsets in other industries. Therefore, the Group believes that the accumulated business, management and sales skills in the application of technologies to business needs are just as important as “traditional” technology expertise. These are some of the key areas that the Group's staff are highly experienced in and continue to contribute significantly to the Group's business growth.

To strengthen the Group's business model, it continues to add to the breadth and depth of the technology services and solutions that it operates. Therefore, the Group actively seeks, negotiates, acquires or secures, and incorporates advanced and commercially-driven technology services and solutions to add to its “stable”, in order to create further synergy and to generate greater business opportunities for the Group, and to present synergistic value with our existing technology services and solutions, which would broaden and deepen our business scope.

During the six months ended 31 October 2021, the Group acquired the following additions or entered into agreements that are pending completion regarding the following in order to broaden and deepen our “stable” of technology-for-business services and solutions:

- \* Acquired majority ownership in Claman Global Limited, which strengthens the Group's capabilities with its multi-function cloud management platform system and business, including SaaS platforms, with built-in multi-language systems and advanced payment tools for digital fintech management of e-commerce and large-scale international events like the Hong Kong Marathon, and virtual and hybrid events like conferences and trade shows, and which has processed online FinTech services for over 200,000 transacted customers
- \* Acquired the entire ownership in TeamTech Digital Corporation, which strengthens the Group's capabilities with its majority-owned enterprise team collaboration system and software business, and e-commerce business, in addition to strategic co-operation alliance to grow the Group's technology solutions business
- \* Entered into an agreement to acquire majority ownership in Greenie EdTech Corporation, which, when completed, would be expected to strengthen the Group's capabilities to provide EdTech services in relation to online education and digital training
- \* Entered into an agreement to acquire an ownership in Rosarini International Limited, which, when completed, would be expected to expand the Group's capabilities to generate business from FashionTech-related customers, especially in relation to digital sales and ecommerce
- \* Entered into strategic alliances and joint go-to-market co-operation with a leading Asian operator of virtual and hybrid conference and exhibitions for Asian and global clients, and with a leading Asian mobile marketing business

#### ***Other Business***

The Group's property operations are managed with a two-pronged approach of value gain and rental income to optimize value creation for our shareholders. The Group has continued to manage its 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 low carpark density. These properties are located at locations that we believe are considered to be higher quality in terms of stable property demand, primarily in Hong Kong, but also in Mainland China 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.

The Group disposed of one property during the period under review at sale consideration of HK\$11.9 million, recording profit of HK\$0.8 million, and reducing the weighting of this segment. The property segment therefore recorded unrealized fair value of HK\$233.6 million as at 31 October 2021 (30 April 2021: HK\$243.8 million). For comparison purposes, if the disposed property is excluded, then the current properties recorded unrealized fair value gain of 0.4%, as compared with their unrealized fair value of HK\$232.7 million as at 30 April 2021. Rental income for the period under review was HK\$1.9 million (2020: HK\$2.4 million).

Given uncertain market conditions, the Group will continue to identify optimum times and values for disposing of selected properties. However, we also believe that there would be undervalued opportunities especially outside Hong Kong.

The financial services business is engaged in securities trading and other financial related services. During the period under review, the Group recorded revenue of HK\$2.5 million (2020: negative HK\$0.2 million), resulting in profit of approximately HK\$1.9 million (2020: loss of HK\$0.7 million). We expect to continue to reduce the weighting of this segment, as compared with the growth in the technology segment.

### **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 fundraising raising activity during the six months ended 31 October 2021.

### **Material Acquisitions And Disposals**

#### **(1) *Completion of Acquisition of Additional Equity Interest and Subscription for Additional Equity Interest in Claman Global Limited – FinTech & Management Platforms***

Claman is a company incorporated in the British Virgin Islands with limited liability. It owns its technology businesses that is a market leader in multi-function cloud management platform systems and businesses, including SaaS platforms, with built-in multi-language systems and advanced payment tools for digital fintech management of e-commerce and large-scale international events like the Hong Kong Marathon, and virtual and hybrid events like conferences and trade shows, and which has processed online FinTech services for over 200,000 transacted customers.

On 11 June 2021, a wholly-owned subsidiary of the Company completed the increase of its equity interest in Claman to 50.3%, by way of the purchase of 17.8% equity interest in Claman from Allyking International Limited for HK\$15.7 million payable by the allotment and issue of 34,885,000 consideration shares of the Company at an issue price of HK\$0.45 per share, and by subscription of 20.2% equity interest in Claman at consideration of HK\$14.1 million. Details of these transactions were disclosed in the announcements of the Company dated 22 October 2020, 27 November 2020, 27 May 2021 and 11 June 2021.

#### **(2) *Acquisition of Equity Interest in Rosarini International Limited (“Rosarini”) – FashionTech***

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 operating via online and offline channels in the Hong Kong and Asian markets, including having developed its wrinkle-resistant apparel lines.

On 27 May 2021, a wholly-owned subsidiary of the Company (the “Rosarini Purchaser”) entered into share purchase and strategic alliance agreement with Karen Michelle Scheinecker (the “Rosarini Vendor”), pursuant to which the Rosarini Purchaser conditionally agreed to acquire, and the Rosarini Vendor conditionally agreed to sell, 40% equity interest in Rosarini at a consideration of HK\$22.0 million, which shall be satisfied as to HK\$11.0 million in cash and as to HK\$11.1 million by the allotment and issue of 17,000,000 consideration shares of the Company at an issue price of HK\$0.65 per share. As at the date of this interim results announcement, this acquisition has not yet completed.

Pursuant to the share purchaser and strategic alliance agreement, the Rosarini Vendor additionally conditionally granted to the Rosarini Purchaser 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 the Rosarini Purchaser within 2 years of the completion of the acquisition, at an exercise consideration of HK\$6.1 million, or pro rata amount for partial exercise.

If the Rosarini Purchaser fully exercises its right in respect of such additional acquisition, and assuming no change in the shareholding of Rosarini, the Group will hold 51% of Rosarini, in which case the financial results of Rosarini would then be consolidated into the accounts of the Group. Details of this transaction were disclosed in the announcement of the Company dated 27 May 2021.

### **(3) Disposal of an investment property**

On 29 July 2021, a wholly-owned subsidiary of the Company, entered into an agreement to dispose of an investment property with carrying amount as at 30 April 2021 of HK\$11.1 million at a consideration of HK\$11.9 million. This disposal has been completed. Details of this disposal were disclosed in the announcement of the Company dated 29 July 2021.

### **(4) Acquisition of the entire equity interest in TeamTech Digital Corporation (“TeamTech”) – Enterprise Team Collaboration Software and Ecommerce Business**

On 17 August 2021, a wholly-owned subsidiary of the Company (the “TeamTech Purchaser”) entered into a share purchase agreement with Faith Honest International Co. Ltd. (the “TeamTech Vendor”) pursuant to which the TeamTech Purchaser conditionally agreed to acquire, and the TeamTech Vendor conditionally agreed to sell, the entire equity interest in TeamTech Digital Corporation (“TeamTech”), which owns a majority interest in its enterprise team collaboration system and software and ecommerce business, at a consideration of up to HK\$16.5 million. This acquisition has completed, and TeamTech is an indirectly wholly-owned subsidiary of the Company. Details of this acquisition above were disclosed in the announcement of the Company dated 17 August 2021.

### **(5) Acquisition of 51% equity interest in Greenie EdTech Corporation (“Greenie EdTech”)**

On 28 October 2021, a wholly-owned subsidiary of the Company (the “Greenie EdTech Purchaser”) entered into a share purchase agreement with Wun Kam Hoi (the “Greenie EdTech Vendor”) pursuant to which the Greenie EdTech Purchaser conditionally agreed to acquire, and the Greenie EdTech Vendor conditionally agreed to sell, 51% equity interest in Greenie EdTech, which owns its EdTech business relating to online education and digital training, at a consideration of HK\$20.4 million, which shall be satisfied as to approximately HK\$12.6 million in cash and as to approximately HK\$7.8 million by the allotment and issue of 20,500,000 consideration shares of the Company at an issue price of HK\$0.378 per share.

As at the date of this interim results announcement, this acquisition has not yet completed. Details of this acquisition were disclosed in the announcements of the Company dated 28 October 2021 and 17 December 2021.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 31 October 2021.

## **Significant investment**

The Group had no significant investment of carrying value of 5% or more of the total assets as at 31 October 2021.

As at 30 April 2021, the carrying value of Claman as financial assets at FVOCI of the Group was approximately HK\$23.9 million. Following the completion of acquisition and subscription for additional equity interest in Claman during the six months ended 31 October 2021 as stated above, the Company indirectly owns approximately 50.32% equity interest in Claman, and its financial results have been consolidated into the financial statements of the Group.

## **Financial Review**

### **Liquidity and Financial Resources**

The Group maintained cash and bank balances as at 31 October 2021 amounting to approximately HK\$62.0 million (30 April 2021: approximately HK\$37.9 million). The Group’s current ratio as at 31 October 2021 was 3.5 (30 April 2021: 4.7). The total equity of the Group amounted to HK\$458.2 million (30 April 2021: HK\$413.9 million) as at 31 October 2021.

### **Gearing**

The gearing ratio, as a ratio of bank and other borrowings to total equity, was 0.09 as at 31 October 2021 (30 April 2021: 0.05).



### ***Exchange Rate Exposure***

The Group's assets, liabilities and cash flow from operations are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group currently does not have any related foreign exchange hedges, however the Company monitors its foreign exchange exposure and will consider hedges should the need arise.

### ***Treasury Policies***

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

As at 31 October 2021, there were bank borrowings, which were denominated in Hong Kong dollars, of approximately HK\$41.1 million (30 April 2021: HK\$22.1 million). All bank borrowings were subject to interest rate of 0.7%-2.25% per annum over 1-month to 3-month HIBOR, and capped at 2.0%-2.7% per annum below prime rate. The bank borrowings that are not repayable within one year from the end of the reporting period but contains a repayment on demand clause and therefore all bank borrowings were classified into current liabilities of the Group.

### ***Contingent Liabilities***

As at 31 October 2021, the Group did not have any material contingent liability (30 April 2021: nil).

### ***Pledge of assets***

As at 31 October 2021, the bank borrowings are secured and guaranteed by investment properties of the Group with an aggregate net carrying amount of approximately HK\$179.7 million (30 April 2021: HK\$118.6 million) and leasehold land and buildings with an aggregate net carrying amount of approximately HK\$11.0 million (30 April 2021: HK\$11.2 million).

### ***Commitments***

The Group had no capital commitments as at 31 October 2021 (30 April 2021: nil).

### ***Employment and Remuneration Policy***

As at 31 October 2021, the Group had 55 (30 April 2021: 50) 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.

### ***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 2021.

### ***Interim Dividend***

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2021 (31 October 2020: nil).

### ***Purchase, Sale or Redemption of listed securities***

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 October 2021.

### ***Audit Committee***

During the six months ended 31 October 2021, the audit committee of the Company (the "Audit Committee") comprised three independent non-executive directors, namely, Fung Ka Keung David, Lam Lee G. and 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 2021.

## Compliance with the Code on Corporate Governance Practices

During the six months ended 31 October 2021, the Company has complied with the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Listing Rules and periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code, except for the deviation from code provisions A.1.8, A.2.1, A.4.1 and A.6.7 of the CG Code as described below.

Under code provision A.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. However, the Company did not take out insurance cover in respect of legal action against the Directors because it is believed that this legal risk to the Directors is quite low.

Under code provision A.2.1, the role of chairman and chief executive officer (“CEO”) should be performed by different individuals. Since September 2005, 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, 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 provisions of the Company’s articles of association. 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 CG Code.

Under code provision A.6.7, independent non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Two out of three independent non-executive Directors of the Company were unable to attend the 2021 annual general meeting of the Company held on 29 October 2021 due to their engagement with their other commitments.

By order of the Board  
**Vong Tat Ieong David**  
*Executive Director*

Hong Kong, 31 December 2021

*As at the date of this announcement, the board of directors 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*