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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 2022**

**FINANCIAL HIGHLIGHTS**

Amidst the fifth wave of COVID and the ensuing global recession, we have recorded steady performance in our main business as a technology-for-business services and solutions provider which focuses primarily on 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.

During this period, the Group’s revenue increased 8.7% to HK\$99.8 million (1H2021: HK\$91.9 million), and profit increased 0.5% to HK\$15.9 million (1H2021: HK\$15.8 million).

For the six months ended 31 October 2022, as compared with the same period in the previous year:

- \* Turnover increased by 8.7% to HK\$99.8 million
- \* Profit for the period increased by 0.5% to HK\$15.9 million
- \* Technology sector revenue increased by 13.1% to HK\$98.9 million
- \* EBITDA for the period increased by 11.2% to HK\$19.1 million

## CEO'S STATEMENT

Dear Shareholders,

### Performance

During the past half year, the impact of the fifth wave of COVID, the mounting pressure of the ensuing global recession, rapidly changing business environment and new expectations have pushed many enterprises to evolve, experiment and innovate at a much faster pace. They have had to become significantly more reliant on digital technology amidst the challenges of inflation, geopolitical instability and conflicts, supply chain disruptions, labour shortages, and other upheavals.

Vongroup therefore believes that we are now standing solidly with strength at the beginning of a period of substantial business opportunity internationally, where tech adoption is the way forward and the future of economic growth for many sectors in the “next normal”. Vongroup has continued to develop new innovative strategies and technologies to meet the strong market demand for our core technology-for-business services and solutions.

For the six months under review, Vongroup’s “technology-for-business” services and solutions address this “next normal”, both in Hong Kong and regionally elsewhere in Asia, and recorded another year of continued growth. In face of these global changes, together with our continued resilience to expand the Group’s technology business regionally in Asia, compared with the same period last year, the Group’s revenue increased by 8.7% to HK\$99.8 million; technology sector revenue increased by 13.1% to HK\$98.9 million; net profit increased by 0.5% to HK\$15.9 million; and EBITDA increased by 11.2% to HK\$19.1 million.

### *Structural change in Technology demands – enriching clients’ management and technology tools*

During the past half-year, although the fifth wave has significantly and adversely impacted customers’ business decision-making, we believed that we would soon be entering the next stage, a post-COVID period and normalcy to a great extent.

Therefore, it is with this view that during the past half-year period, we invested in R&D in producing and refining post-COVID business and entertainment applications that could be the foundation in the coming years. We believe that the market has matured into becoming more technologically-accepting as well as technologically-demanding. It is for this changed behaviour and expectation in structural business demands that we have been preparing to step up to the forefront to meet needs in the post-COVID future.

One key aspect of the Group’s business integration of different technology-for-business services is to offer an enriched customer experience by increasing technology tools for our clients’ management, marketing, operations, and finance. Our strategy in integration is to acquire technology and technology companies, as well as to enter into partnerships with innovative providers. Expanding technology tools for our clients has been one of our core success factors as we enter the post-COVID stage.

### *Integrating New Technologies with the Group*

We had envisaged earlier that new and extended forms of digital and remote interaction, in particular higher security, privacy and compliance needs, based on cloud technology, would be one of the next significant business demands from our clients, both in Hong Kong and internationally.

Since 2007, at different times, the Group has been engaged in work that includes higher-security and remote-interaction areas, e.g., 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 solutions for the post-COVID world.

During the past half-year, our Vongroup Ecosystem of products and services for providing technology-for-business services and solutions has achieved the following business expansion and development milestones, primarily addressing and preparing for meeting post-COVID business patterns, amongst others:

- Effected business and operational integration of Claman Group Limited’s FringeBacker Events international cloud management platform system and business for major events, building on FringeBacker’s experience of having processed online FinTech services for over 200,000 transacted customers, in order to meet the expected post-COVID demand for SaaS platforms, with built-in multi-language systems and advanced payment tools for digital management of large-scale international events. For example, the 25th Hong Kong Marathon, for which the Group’s FringeBacker is the exclusive technology provider, deploying its cloud management platform for one of Hong Kong’s most representative major international events, as well as virtual and hybrid events like conferences and trade shows
- Effected business and operational development of FringeBacker Events’ ticketing management platform for large-scale ticketed entertainment admissions in post-COVID lifestyle, including targeted integration of NFT and other advanced digital tools to address industry problems and bottlenecks

- Effected business and operational integration of TeamTech Digital Corporation’s TechSoft SaaS work productivity and team collaboration mobile application, to address increasing technology adoption by enterprises, and to reduce operational costs in the face of what appears will be a period of high inflation
- Entered into continuing strategic alliances and joint go-to-market cooperation regarding virtual and hybrid conference and exhibitions, and mobile marketing business
- Continued to grow the Group’s diversified client base---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, as well as the European and UK markets. Clients include the spectrum from small local companies to international enterprises.
- Continued to secure new and renewal businesses during the past half-year, including customers in investment banking, financial services, wealth management, legal services, marine & engineering service, ecommerce, education and training, media and entertainment industries, hospitality and retail, marathon and other major leisure and sporting events.

As a result of the Group’s achievements, the Group’s revenue for the six months ended 31 October 2022 increased by 8.7% to HK\$99.8 million, and technology sector revenue increased by 13.1% to HK\$98.9 million.

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

## **Outlook**

### ***Integrating the Group’s technology products and services – Addressing Business Needs in a Recession***

The Group, with international collaborations planned or in the pipeline, is poised for more innovative developments, including continuing to reinforce our status as a provider of a high-quality ecosystem of cost-effective technology products and services for management and entertainment – including, for example solutions services, as well as a portfolio of cloud technology tools for increasing work productivity, and also for better digital management of large-scale events and ticketed entertainment activities, and other tools to improve business efficiencies now that the market in general is demanding better and more useful technologies.

The Group will also strive to further increase the breadth and depth of our spectrum of digital services and solutions. We intend to continue to invest in our internal R&D, as well as make acquisitions and operational business partnerships, in order to be a “digital ecosystem partner for the post-COVID world”.

In the current global recession, the Group expects that TeamTech’s TeamSoft enterprise SaaS messaging and collaboration system and work productivity application will benefit from clients’ need to reduce operating costs and improve business efficiencies.

Similarly, the Group will continue to expand its FringeBacker Events cloud platform for event management and entertainment ticketing management, together with integrated FinTech security options and VR and AR technologies to facilitate digital management of major events, like the Hong Kong Marathon, major ticketed entertainment events and other activities that are expected to see a resurgence in the post-COVID world.

As Hong Kong moves towards post-COVID and potential normalising of border controls with mainland China, 2023 is looking like it will be a hybrid of conservative maintenance plus prudent risk-assessed growth opportunities. However, amidst global recession and higher interest rates, the Group is positioning ourselves to diversify further into international markets in order to offer our services and products to multiple regions and economies, for longer-term value creation for our shareholders.

### ***Overseas growth***

At the same time, we will continue 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 15 years, we are optimistic that we will continue to grow our presence in Hong Kong, regionally in Asia, and elsewhere internationally.

### ***Security and Financial Technologies***

In particular, we envisage that cyber risks will increase in line with greater technology adoption, resulting in higher vulnerabilities for enterprises, and their growing need to invest in minimizing or mitigating cyber risks. The Group will therefore continue to focus on higher-security digital services that include addressing security and compliance issues.

### ***Technology – 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 is looking forward to completing acquisitions that we believe would add to our accumulated business, management and sales skills in relation to technologies-for-business.

These potential additions include:

- Acquisition of equity interest in Rosarini International Limited's FashionTech business
- Acquisition of equity interest in Greenie EdTech Corporation's EdTech and Digital Training technology business

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 local and global environment.

**Vong Tat Jeong David**

*Chief Executive Officer*

Hong Kong, 30 December 2022

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 2022, 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 2022

	Note	Six months ended 31 October (unaudited)	
		2022 HK\$'000	2021 HK\$'000
<b>Turnover</b>	4	99,841	91,857
Other revenue and net gains	4	1,030	881
Cost of inventories		(2,253)	–
Staff costs		(10,588)	(11,580)
Expenses recognised under short-term leases		(520)	(614)
Depreciation and amortisation expenses		(3,663)	(1,431)
Administrative and operating expenses		(66,089)	(60,070)
Net impairment losses recognised in respect of financial assets at amortised cost		–	(4,128)
Change in fair value of investment properties		(2,310)	847
<b>Profit from operations</b>	5	15,448	15,762
Finance costs	6	(500)	(159)
<b>Profit before taxation</b>		14,948	15,603
Income tax credit	7	945	207
<b>Profit for the period</b>		15,893	15,810
<b>Other comprehensive expense</b>			
Exchange differences arising on translation of foreign operations		(420)	(480)
<b>Total comprehensive income for the period</b>		15,473	15,330
<b>Profit for the period attributable to:</b>			
Owners of the Company		13,115	14,087
Non-controlling interests		2,778	1,723
		15,893	15,810
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		12,695	13,607
Non-controlling interests		2,778	1,723
		15,473	15,330
<b>Earnings per share</b>			
Basic and diluted	9	HK\$0.058	HK\$0.064

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

	<i>Note</i>	<b>31 October 2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	30 April 2022 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		10,628	10,870
Investment properties		236,740	239,050
Goodwill		39,331	39,331
Intangible assets		26,329	29,750
Financial assets at fair value through profit or loss		1,615	1,615
		<u>314,643</u>	<u>320,616</u>
<b>Current assets</b>			
Financial assets at fair value through profit and loss		3,173	5,000
Forfeited collaterals held for sale		282	310
Accounts receivable	10	99,403	116,361
Inventories		2,280	2,533
Loan receivables		25,594	25,608
Deposits, prepayments and other receivables		49,104	37,152
Bank balances and cash		80,413	84,022
		<u>260,249</u>	<u>270,986</u>
<b>Current liabilities</b>			
Accruals, deposits received and other payables		13,370	18,230
Interest-bearing borrowings		45,395	70,952
Current portion of contingent consideration payable		2,351	2,351
Tax payables		1,789	2,610
		<u>62,905</u>	<u>94,143</u>
<b>Net current assets</b>		<u>197,344</u>	<u>176,843</u>
<b>Total assets less current liabilities</b>		<u>511,987</u>	<u>497,459</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		5,240	6,185
Contingent consideration payable		7,862	7,862
		<u>13,102</u>	<u>14,047</u>
<b>NET ASSETS</b>		<u><u>498,885</u></u>	<u><u>483,412</u></u>
<b>Capital and reserves</b>			
Share capital		9,083	9,083
Reserves		455,431	442,736
		<u>464,514</u>	<u>451,819</u>
Non-controlling interests		34,371	31,593
<b>TOTAL EQUITY</b>		<u><u>498,885</u></u>	<u><u>483,412</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 October 2022

### 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 2022, 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 2022:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

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 2022, 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 2022 (unaudited)

	<b>Technology</b> <i>HK\$'000</i>	<b>Property</b> <i>HK\$'000</i>	<b>Financial</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
Segment revenue	<u>98,858</u>	<u>2,233</u>	<u>(1,250)</u>	<u>99,841</u>
Segment results	<u>25,950</u>	<u>(1,481)</u>	<u>(2,388)</u>	<u>22,081</u>
Unallocated other revenue and other gains				707
Unallocated corporate expenses				(7,340)
Finance costs				<u>(500)</u>
Profit before income tax				14,948
Income tax credit				<u>945</u>
Profit for the period				<u>15,893</u>



Six months ended 31 October 2021 (unaudited)

	Technology <i>HK\$'000</i>	Property <i>HK\$'000</i>	Financial <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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><u>15,810</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>2022</b> <i>HK\$'000</i>	<b>2021</b> <i>HK\$'000</i>
Hong Kong and Mainland China	<b>53,003</b>	47,886
Others	<b>46,838</b>	43,971
Total	<u><b>99,841</b></u>	<u>91,857</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 2022 (2021: 10%).

#### 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:

	Six months ended 31 October (unaudited)	
	2022	2021
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within HKFRS 15</b>		
Provision of technology and related activities	98,712	87,374
<b>Revenue from other sources</b>		
<b>Provision of property leasing services</b>		
– Gross rental income from investment properties	2,233	1,943
<b>Provision of financial related activities</b>		
– Interest income	576	622
– Dividend income from listed equity securities	146	118
– Net (loss)/profit on listed equity securities at FVPL (Note)	(1,826)	1,800
	<u>(1,104)</u>	<u>2,540</u>
	<u><b>99,841</b></u>	<u><b>91,857</b></u>

Note:

	Six months ended 31 October (unaudited)	
	2022	2021
	HK\$'000	HK\$'000
Net (loss)/profit on listed equity securities at FVPL		
– Change in fair value	(1,805)	1,800
– Realised loss	(21)	–
	<u>(1,826)</u>	<u>1,800</u>

	Six months ended 31 October (unaudited)	
	2022	2021
	HK\$'000	HK\$'000
<b>Other revenue and net gains</b>		
Bank interest income	14	16
Gain on disposal of investment property	–	792
Management income	323	59
Others	693	14
	<u>1,030</u>	<u>881</u>

## 5. PROFIT FROM OPERATIONS

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

	Six months ended 31 October (unaudited)	
	2022	2021
	HK\$'000	HK\$'000
Staff costs	10,588	11,580
Gross rental income from investment properties less direct outgoings of approximately HK\$106,000 (2021: approximately HK\$101,000)	<u>(2,127)</u>	<u>(1,842)</u>

## 6. FINANCE COSTS

	Six months ended 31 October (unaudited)	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank borrowings	<u>500</u>	<u>159</u>

## 7. INCOME TAX CREDIT

	Six months ended 31 October (unaudited)	
	2022	2021
	HK\$'000	HK\$'000
Profits tax:		
Write back of deferred tax	<u>945</u>	<u>207</u>
Income tax credit for the period	<u>945</u>	<u>207</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 (2021: nil).

## 8. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2022 (2021: 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:

	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Earnings for the period</b>		
Earnings for the purpose of basic and diluted earnings per share	<u>13,115</u>	<u>14,087</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>227,074,833</u>	<u>219,301,545</u>

## 10. ACCOUNT RECEIVABLES

	<b>31 October 2022</b> <i>HK\$'000</i> (unaudited)	30 April 2022 <i>HK\$'000</i> (audited)
Accounts receivable	<b>107,818</b>	125,586
Less: Loss allowance	<b>(8,415)</b>	(9,225)
	<b>99,403</b>	116,361

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

	<b>31 October 2022</b> <i>HK\$'000</i> (unaudited)	30 April 2022 <i>HK\$'000</i> (audited)
Within 30 days	<b>18,120</b>	9,584
31 to 60 days	<b>16,870</b>	13,477
61 to 90 days	<b>16,370</b>	11,101
91 to 180 days	<b>37,644</b>	35,396
Over 180 days	<b>10,399</b>	46,803
	<b>99,403</b>	116,361

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 30 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Performance

The impact of the fifth wave of COVID has reverberated in many aspects of business and life in Hong Kong during the past half-year, resulting in significant challenges for enterprises and residents to seek innovative ways to sustain operations. Our Group has strived to support our staff and customers' businesses by increasing the breadth and depth of technology tools, products and services, in order to present cost-effective options for them.

The Group has achieved five consecutive profitable interim results, notwithstanding that much of this six-month period experienced the onslaught of the fifth wave of COVID, and a weakening economy as a result of social distancing restrictions, together with significant impact on international travel and travel to and from mainland China.

During this period, the Group's revenue increased 8.7% to HK\$99.9 million (1H2021: HK\$91.9 million), and profit increased 0.5% to HK\$15.9 million (1H2021: HK\$15.8 million).

### *Structural change in Technology demands – enriching clients' management and technology tools*

The COVID pandemic has proven to be an accelerated period of transformation from offline to online in a great many aspects of business, consumer, leisure and entertainment patterns over the past 3 years. During the past half-year, the fifth wave has significantly and adversely impacted customers' business decision-making. However, we believed that we would soon be entering the next stage, a post-COVID period and normalcy to a great extent.

Therefore, it is with this view that during the past half-year period, we invested in R&D in producing and refining post-COVID business and entertainment applications that could be the foundation in the coming years. We believe that the market has matured into becoming more technologically-accepting as well as technologically-demanding. It is for this changed behaviour and expectation in structural business demands that we have been preparing to step up to the forefront to meet needs in the post-COVID future, especially in relation to technology-for-business services, products and solutions.

One key aspect of the Group's business integration of different technology-for-business services is to offer an enriched customer experience by increasing the technology tools for our clients' management, marketing, operations and finance. Our strategy in integration is to acquire technology and technology companies, as well as to enter into partnerships with innovative providers. Expanding technology tools for our clients has been one of our core success factors as we enter the post-COVID stage.

### *Integrating New Technologies with the Group*

We had envisaged earlier that new and extended forms of digital and remote interaction, in particular higher security, privacy and compliance needs, based on cloud technology, would be one of the next significant business demands from our clients, both in Hong Kong and internationally.

Since 2007, at different times, the Group has been engaged in work that includes higher-security and remote-interaction areas, e.g., 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 solutions for the post-COVID world.

During the past half-year, our Vongroup Ecosystem of products and services for providing technology-for-business services and solutions has achieved the following business expansion and development milestones, primarily addressing and preparing for meeting post-COVID business patterns, amongst others:

- Effected business and operational integration of Claman Group Limited's FringeBacker Events international cloud management platform system and business for major events, building on FringeBacker's experience of having processed online FinTech services for over 200,000 transacted customers, in order to meet the expected post-COVID demand for SaaS platforms, with built-in multi-language systems and advanced payment tools for digital management of large-scale international events. For example, the 25th Hong Kong Marathon, for which the Group's FringeBacker is the exclusive technology provider, deploying its cloud management platform for one of Hong Kong's most representative major international events, as well as virtual and hybrid events like conferences and trade shows
- Effected business and operational development of FringeBacker Events' ticketing management platform for large-scale ticketed entertainment admissions in post-COVID lifestyle, including targeted integration of NFT and other advanced digital tools to address industry problems and bottlenecks

- Effected business and operational integration of TeamTech Digital Corporation’s TechSoft SaaS work productivity and team collaboration mobile application, to address increasing technology adoption by enterprises, and to reduce operational costs in the face of what appears will be a period of high inflation
- Entered into continuing strategic alliances and joint go-to-market cooperation regarding virtual and hybrid conference and exhibitions, and mobile marketing business
- Continued to grow the Group’s diversified client base-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, as well as the European and UK markets. Clients include the spectrum from small local companies to international enterprises.
- Continued to secure new and renewal businesses during the past half-year, including customers in investment banking, financial services, wealth management, legal services, marine & engineering service, ecommerce, education and training, media and entertainment industries, hospitality and retail, marathon and other major leisure and sporting events.

As a result of the Group’s achievements, the Group’s revenue for the six months ended 31 October 2022 increased by 8.7% to HK\$99.9 million, and technology sector revenue increased by 13.1% to HK\$98.9 million.

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

## **Outlook**

### ***Integrating the Group’s technology products and services – Addressing Business Needs in a Recession***

The Group, with international collaborations planned or in the pipeline, is poised for more innovative developments, including continuing to reinforce our status as a provider of a high-quality ecosystem of cost-effective technology products and services for management and entertainment – including, for example solutions services, as well as a portfolio of cloud technology tools for increasing work productivity, and also for better digital management of large-scale events and ticketed entertainment activities, and other tools to improve business efficiencies now that the market in general is demanding better and more useful technologies.

The Group will also strive to further increase the breadth and depth of our spectrum of digital services and solutions. We intend to continue to invest in our internal R&D, as well as make acquisitions and operational business partnerships, in order to be a “digital ecosystem partner for the post-COVID world”.

In the current global recession, the Group expects that TeamTech’s TeamSoft enterprise SaaS messaging and collaboration system and work productivity application will benefit from clients’ need to reduce operating costs and improve business efficiencies.

Similarly, the Group will continue to expand its FringeBacker Events cloud platform for event management and entertainment ticketing management, together with integrated FinTech security options and VR and AR technologies to facilitate digital management of major events, like the Hong Kong Marathon, major ticketed entertainment events and other activities that are expected to see a resurgence in the post-COVID world.

As Hong Kong moves towards post-COVID and potential normalising of border controls with mainland China, 2023 is looking like it will be a hybrid of conservative maintenance plus prudent risk-assessed growth opportunities. However, amidst global recession and higher interest rates, the Group is positioning ourselves to diversify further into international markets in order to offer our services and products to multiple regions and economies, for longer-term value creation for our shareholders.

### ***Overseas growth***

At the same time, we will continue 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 15 years, we are optimistic that we will continue to grow our presence in Hong Kong, regionally in Asia, and elsewhere internationally.

### ***Security and Financial Technologies***

In particular, we envisage that cyber risks will increase in line with greater technology adoption, resulting in higher vulnerabilities for enterprises, and their growing need to invest in minimizing or mitigating cyber risks. The Group will therefore continue to focus on higher-security digital services that include addressing security and compliance issues.

### ***Property***

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.

## **Business Review**

### ***Technology – Meeting the Transition to Post-COVID***

Amidst the fifth wave of COVID and the ensuing global recession, the Group's technology segment recorded steady performance-revenue increase of 13.1% to HK\$98.9 million, and profit for the period was HK\$26.0 million (1H2021: HK\$26.2 million).

Our Group's FringeBacker Events cloud platform is appointed as exclusive technology service provider for the 25th Hong Kong Marathon, scheduled for February 2023, and one of the most important international events in Hong Kong's calendar, amongst other projects.

Our Group's Solutions business is progressing with other mission critical IT projects for customers in Hong Kong and overseas. Our Solutions business will remain dedicated and fully committed to delivering digital management services and products for customers in Hong Kong, and is continuing also to support businesses elsewhere in Asia.

Our Group's TeamSoft business is based in Hong Kong, and is also engaged in strategic partnership overseas to address international markets, in particular South Korea and elsewhere in Asia.

### ***Technology – 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 is looking forward to completing acquisitions that we believe would add to our accumulated business, management and sales skills in relation to technologies-for-business.

These potential additions include:

- Acquisition of equity interest in Rosarini International Limited's FashionTech business
- Acquisition of equity interest in Greenie EdTech Corporation's EdTech and Digital Training technology 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.

We believe that our investment analysis and decisionmaking regarding our property operations have been successful. Even though overall property values in the Hong Kong market have been relatively stagnant, our property segment recorded unrealized fair value of HK\$236.7 million as at 31 October 2022 (30 April 2022: HK\$239.1 million). Rental income for the period under review was HK\$2.2 million (2021: HK\$1.9 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 negative revenue of HK\$1.3 million (2021: revenue of HK\$2.5 million), resulting in loss of approximately HK\$2.4 million (2021: profit of HK\$1.9 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 fund raising activity during the six months ended 31 October 2022.

## **Material Acquisitions And Disposals**

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 31 October 2022.

## **Significant investment**

The Group had no significant investment of carrying value of 5% or more of the total assets as at 31 October 2022 (30 April 2022: nil).

## **Financial Review**

### ***Liquidity and Financial Resources***

The Group maintained cash and bank balances as at 31 October 2022 amounting to approximately HK\$80.4 million (30 April 2022: approximately HK\$84.0 million). The Group's current ratio as at 31 October 2022 was 4.1 (30 April 2022: 2.9). The total equity of the Group amounted to HK\$498.9 million (30 April 2022: HK\$483.4 million) as at 31 October 2022.

### ***Gearing***

The gearing ratio, as a ratio of bank and other borrowings to total equity, was 0.09 as at 31 October 2022 (30 April 2022: 0.15).

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

The Group's assets, liabilities and cash flow from operations are mainly denominated in Hong Kong dollars, US 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 31 October 2022, there were bank borrowings and overdraft facility, which were denominated in Hong Kong dollars, of approximately HK\$40.6 million (30 April 2022: HK\$43.5 million) and approximately HK\$4.8 million (30 April 2022: HK\$26.2 million) respectively. The bank borrowings that are not repayable within one year from the end of the reporting period but contains a repayment on demand clause. The bank overdraft facility is used by the Group as a flexible facility for daily operations similar to other banking facilities. All bank borrowings were classified into current liabilities of the Group.

As at 31 October 2022, there was an unsecured loan entered into by a non-wholly-owned subsidiary, which was denominated in Hong Kong dollars, of approximately HK\$1.3 million (30 April 2022: 1.3 million).

### ***Contingent Liabilities***

As at 31 October 2022, the Group did not have any material contingent liability (30 April 2022: nil).

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

As at 31 October 2022, the bank borrowings of the Group were drawn under banking facilities. The banking facilities are secured and guaranteed by:

- (i) Investment properties of the Group with an aggregate net carrying amount of approximately HK\$167.0 million (30 April 2022: HK\$185.6 million);
- (ii) Leasehold land and buildings of approximately HK\$10.5 million (30 April 2022: HK\$10.8 million); and
- (iii) An unlimited corporate guarantee provided by the Company.



All of the banking facilities are subject to the fulfilment of covenants relating to the respective subsidiaries as are commonly found in loan arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, the subsidiaries' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiaries have complied with the covenants and met the scheduled repayment obligations.

### ***Commitments***

The Group had no capital commitments as at 31 October 2022 (30 April 2022: nil).

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

As at 31 October 2022, the Group had 55 (30 April 2022: 55) 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 2022.

### **Interim Dividend**

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2022 (31 October 2021: 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 2022.

### **Audit Committee**

During the six months ended 31 October 2022, 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 2022.

### **Compliance with the Code on Corporate Governance Practices**

During the six months ended 31 October 2022, 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 2022 annual general meeting of the Company held on 29 October 2022 due to their engagement with their other commitments.

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

Hong Kong, 30 December 2022

*As at the date of this announcement, the Board 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*