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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)

PROFIT WARNING INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Vongroup Limited (the “Company”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (“Inside Information”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the “Board”) wishes to inform the shareholders and potential investors of the Company that, based on a preliminary review of draft property valuation that the valuers of the Company informed us of today, and based on a preliminary review of currently available draft unaudited consolidated management accounts of the Company and its subsidiaries (the “Group”) and other information that is currently available to the management of the Company (the “Management”), it is expected that the Group will record a decrease in profit by approximately HK\$12 million for the year in its annual results for the year ended 30 April 2020 (the “Annual Results”) as compared to the profit that was recorded for the previous year, and it is expected that the Group will record an increase in total comprehensive income for the year attributable to the owners of the Company in its Annual Results by approximately HK\$4 million, as compared to that recorded for the previous year.

This expected decrease in profit is mainly due to the fair value of our portfolio of investment properties, according to the draft valuation, showing a relatively small change this year (approximately HK\$0.9 million decrease) as compared with the increase that was recorded last year (approximately HK15 million increase). Management believes that this was mainly due to the adverse impact of the social events in the second half of 2019 and the COVID-19 coronavirus in the first half of 2020, which together approximately coincided with almost the entire 12-month period covered by the Annual Results. This property valuation is a non-cash accounting treatment of fair value, which has no material impact on the Group’s cashflow or operations.

Despite the social events in the second half of 2019 and the COVID-19 coronavirus in the first half of 2020, affecting business travel, business meetings, clients’ business performance and needs, as well as affecting many general activities, and dampening sentiment in the economy, the Group’s technology business has successfully and gradually shifted towards distance business and virtual technology business. This has benefited the Group from our previous R&D initiatives in fintech and cloud technology solutions.

Information contained in this announcement is based solely on a preliminary assessment of the aforementioned draft valuation and draft unaudited consolidated management accounts of the Group and other information that is currently available to Management. Such information has not been audited or reviewed by the Company’s auditors, and is subject to amendment. The Company is in the process of preparing the Annual Results, which have not been finalised as at the date of this announcement, and which are subject to review and finalization by the Board and the Company’s auditors. Therefore, the Annual Results may differ from the currently available information. Detailed information regarding the results of the Group will be disclosed in the forthcoming Annual Results, which are expected to be published after the Board meeting that is scheduled to take place on 31 July 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

By Order of the Board
Vongroup Limited
Tsui Siu Hung Raymond
Company Secretary

Hong Kong, 30 July 2020

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