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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)

VOLUNTARY ANNOUNCEMENT

BUSINESS UPDATE CONCERNING THE GROUP'S TECHNOLOGY BUSINESS

This announcement is made by Vongroup Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis to provide the shareholders of the Company (the “Shareholders”) and potential investors a business update on the Group’s Technology division business.

SUBSTANTIALLY INCREASED REVENUE IN TECHNOLOGY BUSINESS

We are excited to report that, building upon the Group’s past few years of already-growing experience and investment in fintech, cloud and virtual technologies and distance-business, our Technology division has generated substantially higher revenue. This growth has been accelerated by the dramatically changed market paradigms resulting from the COVID-19 pandemic. Therefore, we wish to make the voluntary business update contained in this Announcement.

Based on preliminary review of the current draft unaudited management accounts of the Group’s Technology division and information currently available, the Group’s Technology business revenue for the six months ending 31 October 2020 is expected to show a substantial increase, to achieve not less than HK\$45 million, which is markedly higher as compared with the Group’s Technology business’s unaudited revenue of HK\$10.3 million for the corresponding six-month period in 2019, and as compared with the Group’s Technology business’s audited revenue of HK\$30.7 million for the year ended 30 April 2020.

In light of digital transformation to address the “new normals” in market behaviour and patterns, coupled with reinforcement of sales and marketing of the Group’s Technology business, the Group reasonably believes that there will be continuing or increasing demand for the Group’s Technology services in fintech, cloud and virtual technologies and distance-business.

REASONS FOR SUBSTANTIAL TECHNOLOGY BUSINESS GROWTH

The Company believes that this substantial growth in revenue in the Group’s Technology business is mainly due to the following:

- (i) over the past few years, we have invested in and developed growing experience in product and business development in fintech, cloud and virtual technologies and distance-business --- through this, we have built a strong foundation and growing reputation, which has now set us in good competitive stead to efficiently service market needs in these areas;
- (ii) over the past 8 continuous months of the COVID-19 pandemic, our already-growing virtual and distance-business technology services have been given a boost by the cross-industry needs that resulted from the “new normals” in business and social/consumer behaviour:-- many businesses have been devastatingly impacted in the way that they are run and in the way that customers interact with them; hence this has steered customer and business needs towards our technology business to address new methods of conducting virtual and distance-business, so that they can overcome work, travel and social challenges; and
- (iii) our nimble reaction to place greater emphasis upon the sales and marketing of our products and services in virtual and distance-business technology applications.

CONTINUING INITIATIVES TO FURTHER THE GROUP'S TECHNOLOGY BUSINESS THROUGH ACQUISITIONS

To further our technology business and to expand rapidly to exploit the window of opportunities in the shifting economy, and paradigm changes brought about by the “new normals”, we are currently engaged in discussions to make possible acquisitions of established, highly-reputable, and high-growth businesses in leading-edge virtual technology, which would present synergistic value, would broaden our products and services, and would be expected to further enhance our business results. The details of these possible acquisitions are referred to in our announcements of (a) 8 July 2020 in relation to possible increasing of our shareholding in Claman Global Limited, a company engaged in fintech technologies and services that seek to increase the efficiency of online transactions and distance business, and (b) 4 October 2020 in relation to possible acquisition of an Enterprise Team Collaboration Software and Ecommerce business, in addition to strategic co-operation alliance to grow our technology solutions business. If these acquisitions materialise, they would be expected to further strengthen the Group's technology business, and the Group would look forward to further growth in our Technology business results.

As indicated in such announcements, these possible acquisitions may or may not materialise, and the Company will make further announcements as and when appropriate in accordance with the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures Ordinance.

The information contained in this announcement is only based on preliminary assessment of the information currently available, including unaudited management accounts, which have not been audited nor reviewed by the Company's auditors. As such, the information may differ from figures to be disclosed in the unaudited consolidated financial statements to be published by the Company for the six months ending 31 October 2020. Shareholders and potential investors are advised to refer to the details in the announcement of the Company for the interim results for the six months ending 31 October 2020, which is expected to be published by the end of December 2020.

Shareholders and potential investors are advised are cautioned not to unduly rely on such information, and to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 6 October 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*