VONGROUP LIMITED

黃河實業有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 318)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2023

FINANCIAL HIGHLIGHTS

(subject fuller details and explanations, please refer to consolidated financial statements below)

Revenue **HK$201.6 million** FY2022: HK$193.2 million (up 4.3%)	Technology-Related Revenue **HK$196.7 million** FY2022: HK$187.3 million (up 5.0%)	Profit Before Taxation **HK$22.8 million** FY2022: HK$25.7 million (down 11.3%)
Total Assets **HK$609.4 million** FY2022: HK$591.6 million (up 3.0%)	Net Assets **HK$528.7 million** FY2022: HK$483.4 million (up 9.4%)	Gearing Ratio **0.09** FY2022: 0.15 (down 40%)

Our Group's technology and related business provides software and IT services, and related consulting and business solutions, with an emphasis on our portfolio of technology-for-business applications, digital transformation, and scalable cloud platforms, including, amongst others, for example, industry vertical expertise in enterprise management technologies, event management solutions, financial management solutions for major events, SaaS mobile enterprise solutions, remote learning/training solutions, and virtual/hybrid event solutions.

During the financial year ended 30 April 2023, our Group has performed in a fast-changing and uncertain world. Enterprise clients have had to live with the resulting economic consequences of the war in Ukraine, supply chain disruption, rising inflation, interest rate hikes, and, in case of Hong Kong, pandemic preventative measures until the final months of this financial year.

Our Group helps clients in upcycles and downturns, helping them with their digital transformation to the cloud, accelerating their new business models with newer technology adoptions, and bringing a high degree of multi-disciplinary experience in business and technology, together with deep understanding of multiple industry verticals. In particular, we have been engaged to provide the technology for some of the biggest, most prestigious and high-profile international sporting events that call for our experience and track record.

CEO'S STATEMENT

Dear Shareholders,

I am pleased to announce that our Group has performed well in spite of challenging and volatile global, regional and Hong Kong environments during the financial year ended 30 April 2023.

Our Group's Performance

We are pleased that our Group has successfully maintained steady development, successfully achieving another profitable year. We have also increased revenue for our Group as a whole, as well as specifically for our technology-related business.

Our Group achieved revenue of HK$201.6 million, a growth of 4.3%, and profit before taxation of HK$22.8 million, a decrease of 11.3%.

Overview – the Software and IT Services Industry, and Our Group's Positioning

The Group's technology and related business provides software and IT services, and related consulting and business solutions, with an emphasis on our portfolio of technology-for-business applications, digital transformation, and scalable cloud platforms, including, amongst others, for example, industry vertical expertise in enterprise management technologies, event management solutions, financial management solutions for major events, SaaS mobile enterprise solutions, remote learning/training solutions, and virtual/hybrid event solutions.

Our Group continues to play an important role with our clients to enable their digital transformation in accelerated adoption of new technologies, helping them with their transformation initiatives that are revolutionising many sectors. We do this through strategic leverage of our Ecosystem of technology-for-business products, services and solutions, including, amongst others, our expectation that we will increasingly deploy artificial intelligence (AI) to re-position both enterprise and customer experiences.

Our Group believes that our business remains strongly positioned, and the market demand for our core technology-for-business services and solutions is expected to support sustained growth over the long term. And, increasingly, our customers are looking to deploy a combination of products, services and solutions from our Ecosystem. Therefore, while focused on our core strength areas, we expect that growth will become more broad-based, across markets and industry verticals.

Our Group leverages our technology and business expertise, as well as deep industry verticals knowledge, to support our clients' businesses in Hong Kong and overseas with our advanced enterprise technology tools, products and services, to present cost-effective options for them to out-rival their competitors in the market, to enable them to reform and automate their business operations during a tight labour market, and to rapidly deploy newer technologies in the face of an increasingly post-pandemic technology-savvy customer environment.

As the overall economy goes through considerable changes, and geopolitical factors, rising inflation, market volatility and tight labour markets come slow down global growth, we believe that the digital transitions that are going on now will continue to require significant investments in new technologies and external expertise, which offer meaningful growth opportunities for software and IT services businesses.

Ongoing Major Appointments and Potential Additions of Technologies

Our Group has been investing in newer technologies, including, amongst others, AI, cloud platforms, large-scale automated event management, and mobile ERP. Over the past few years, to further increase the breadth and depth of our spectrum of Vongroup's Ecosystem of technology-for-business services and solutions, we have successfully completed a number of technologies acquisitions and entered into continuing strategic alliances and joint go-to-market cooperation with leading technology partners. The business and operations integration of our technologies acquisitions and strategic technology partnerships have brought about significant concerted efforts and cross-selling opportunities to the Group, including appointments to prestigious engagements to provide the technology for some of Hong Kong's biggest and most important international events that call for the capability to provide a world-class technology platform to handle and manage tens of thousands, or hundreds of thousands, of participants or interactions.

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 and making new acquisitions that we believe would add to our accumulated business, management and sales skills in relation to technologies-for-business. We will also invest in research in areas that we expect will be important in the future, either internally or in partnership with other experts.

UK/EU Expansion

We are extending our global presence by setting up our office and operations based in the United Kingdom, to direct operations in the UK/EU, and 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 16 years, we look forward to continuing to grow our presence in Hong Kong, and internationally in Asia, the United Kingdom and the European Union.

Outlook – the Vongroup Ecosystem, Generative AI, and Building Partnerships

During rising markets, we help clients accelerate and rapidly expand their technologies to give them an obvious lead over their competitors; whereas during a faltering economy, we help them sustain their positioning with technology that seeks to increase efficiencies until the next market upturn comes.

The breadth and depth of our expertise within our core areas gives us a distinct competitive edge. In addition, industry verticals will continue to be our primary go-to-market business areas, and technology adoption will remain to be a key driver of business growth and transformation for our clients. We will strive to further strengthen our spectrum of Vongroup's Ecosystem of technology-for-business services and solutions. We will continue to grow our team and talent base, building partnerships with key technology providers, to continue to help our clients accelerate technology adoption and be their "digital ecosystem partner for the post-COVID world".

Significant advancements of AI have already been seen in many industries, like finance, government services, health care, criminal justice, transportation, and smart cities that have changed the manner of decision-making, business models, risk mitigation, and system performance. We therefore expect that newer technologies like generative AI and machine learning will be amongst our several key focus technologies going forward, and that their impact on life and business will not be insignificant, especially as we now witness a transitioning process from predictive AI to generative AI, which we would expect may likely benefit the software and IT services industry, through clients' needs for further investment in technology innovation and expertise.

We continue expect that global, regional and Hong Kong business activity will remain challenging, posing significant tough decisions for our clients. However, with many enterprises relying on technology more than ever to drive their competitive differentiation, many industry experts expect that software and IT services spending will continue to increase versus overall tech spending, which is a trend that would benefit our Group's business prospects.

On behalf of the Board, I would like to sincerely thank all our team members for their support, hard work and dedication this year. We also acknowledge and thank our customers, partners, shareholders and other stakeholders for their continued support and trust. We look forward to a successful future together.

Vong Tat Ieong David
Chief Executive Officer and Executive Director

Hong Kong, 31 July 2023

The board of directors (the "Directors") of Vongroup Limited (the "Company") wishes to announce the preliminary consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2023 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 April 2023

		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**201,608**	193,230
Other revenue	*5*	**737**	158
Cost of inventories		**(4,300)**	(4,694)
Staff costs	*6*	**(9,067)**	(11,812)
Expenses recognised under short-term leases		**(552)**	(901)
Depreciation and amortisation expenses		**(6,612)**	(5,235)
Administrative and other operating expenses		**(155,570)**	(151,724)
Gain on disposal of an investment property		**–**	792
Net reversal of impairment losses recognised in respect of financial assets at amortised cost		**687**	1,335
Change in fair value of investment properties		**(5,000)**	6,310
Change in fair value of financial assets at fair value through profit or loss ("FVPL")		**(23)**	23
Change in fair value of contingent consideration payable		**2,240**	(1,150)
Finance costs	*6*	**(1,380)**	(591)
Profit before income tax	*6*	**22,768**	25,741
Income tax expense	*7*	**(2,190)**	(1,632)
Profit for the year		**20,578**	24,109
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(672)**	(628)
Total comprehensive income for the year		**19,906**	23,481
Profit for the year attributable to:			
Owners of the Company		**13,508**	20,037
Non-controlling interests		**7,070**	4,072
		20,578	24,109
Total comprehensive income for the year attributable to:			
Owners of the Company		**12,836**	19,409
Non-controlling interests		**7,070**	4,072
		19,906	23,481
Earnings per share	*9*	***HK cents***	*HK cents*
– Basic and diluted		**5.83**	8.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**10,398**	10,870
Investment properties		**234,050**	239,050
Intangible assets		**61,634**	29,750
Goodwill		**39,331**	39,331
Financial assets at fair value through other comprehensive income ("FVOCI")		**–**	–
Financial assets at FVPL		**1,592**	1,615
		347,005	320,616
Current assets			
Financial assets at FVPL		**6,796**	5,000
Forfeited collaterals held for sale		**282**	310
Inventories		**233**	2,533
Accounts receivable	*10*	**113,180**	116,361
Loan receivables		**24,722**	25,608
Deposits, prepayments and other receivables		**17,137**	37,152
Bank balances and cash		**100,003**	84,022
		262,353	270,986
Current liabilities			
Accruals, deposits received and other payables		**15,300**	18,230
Interest-bearing borrowings		**46,396**	70,952
Current portion of contingent consideration payable	*11*	**2,803**	2,351
Tax payables		**5,813**	2,610
		70,312	94,143
Net current assets		**192,041**	176,843
Total assets less current liabilities		**539,046**	497,459
Non-current liabilities			
Contingent consideration payable	*11*	**5,170**	7,862
Deferred tax liabilities		**5,172**	6,185
		10,342	14,047
NET ASSETS		**528,704**	483,412
Capital and reserves			
Share capital	*12*	**9,903**	9,083
Reserves		**461,502**	442,736
Equity attributable to owners of the Company		**471,405**	451,819
Non-controlling interests		**57,299**	31,593
TOTAL EQUITY		**528,704**	483,412

1. BASIS OF PREPARATION

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

All amounts have been rounded to the nearest thousand ("HK$'000") unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period as detailed in Note 2 below.

2. ADOPTION OF NEW REVISED HKFRSs

Adoption of new/revised HKFRSs

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

Amendments to 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 HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

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

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

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

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

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

Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current reporting period, which the Group has not early adopted:

Amendments to HKAS 1	Disclosure of Accounting Policies [1]
Amendments to HKAS 8	Definition of Accounting Estimates [1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [1]
HKFRS 17	Insurance Contracts [1]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information [1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to HKAS 1	Non-current Liabilities with Covenants [2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] The effective date to be determined

The directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results of the Group.

3. **SEGMENT INFORMATION**

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

The Group has determined that there are three reportable operating segments which are set out below.

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

a) **Segment revenue, results, assets and liabilities**

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

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

Year ended 30 April 2023

	Technology	**Property**	**Financial**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**196,721**	**4,265**	**622**	**201,608**
Segment results	**39,922**	**(2,069)**	**(1,142)**	**36,711**
Unallocated other revenue and other gains				**538**
Unallocated corporate expenses				**(13,101)**
Finance costs				**(1,380)**
Profit before income tax				**22,768**
Income tax expense				**(2,190)**
Profit for the year				**20,578**

Year ended 30 April 2022

	Technology	Property	Financial	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	187,255	4,459	1,516	193,230
Segment results	26,171	10,762	1,889	38,822
Unallocated other revenue and other gains				92
Unallocated corporate expenses				(12,582)
Finance costs				(591)
Profit before income tax				25,741
Income tax expense				(1,632)
Profit for the year				24,109

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

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

	Technology *HK$'000*	**Property** *HK$'000*	**Financial** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
At 30 April 2023					
Assets					
Reportable segment assets	**303,456**	**248,219**	**34,119**	**23,564**	**609,358**
Liabilities					
Reportable segment liabilities	**26,474**	**45,567**	**1,131**	**7,482**	**80,654**
Other information					
Amortisation	**6,140**	**–**	**–**	**–**	**6,140**
Depreciation	**9**	**6**	**2**	**455**	**472**
Net reversal of impairment losses recognised in respect of financial assets at amortised costs	**(1,702)**	**–**	**1,015**	**–**	**(687)**
Change in fair value of investment properties	**–**	**5,000**	**–**	**–**	**5,000**
Change in fair value of financial assets at FVPL	**–**	**–**	**–**	**23**	**23**
Change in fair value of contingent consideration payable	**(2,240)**	**–**	**–**	**–**	**(2,240)**
Additions to intangible assets	**38,024**	**–**	**–**	**–**	**38,024**

	Technology *HK$'000*	Property *HK$'000*	Financial *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
At 30 April 2022					
Assets					
Reportable segment assets	243,528	274,788	35,503	37,783	591,602
Liabilities					
Reportable segment liabilities	30,074	69,827	279	8,010	108,190
Other information					
Amortisation	4,458	-	-	-	4,458
Depreciation	5	125	2	645	777
Gain on disposal of an investment property	–	(792)	–	–	(792)
Net reversal of impairment losses recognised in respect of financial assets at amortised costs	(401)	–	(789)	(145)	(1,335)
Change in fair value of investment properties	–	(6,310)	–	–	(6,310)
Change in fair value of financial assets at FVPL	–	–	–	(23)	(23)
Change in fair value of contingent consideration payable	1,150	–	–	–	1,150
Additions to intangible assets	34,208	–	–	–	34,208
Additions to property, plant and equipment	43	12	–	–	55

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

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

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

b) Geographical information

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

	Revenue		**Non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**166,614**	90,211	**323,095**	296,280
Mainland China (the "PRC")	**5,400**	8,168	**7,818**	8,721
Macau	**–**	–	**14,500**	14,000
South Korea	**8,963**	27,686	**–**	–
Thailand	**6,780**	15,884	**–**	–
Indonesia	**10,011**	37,670	**–**	–
Others	**3,840**	13,611	**–**	–
Total	**201,608**	193,230	**345,413**	319,001

c) Information about major customers

No revenue from customers individually contributing 10% or more of the total revenue of the Group for the years ended 30 April 2023 and 2022.

4. REVENUE

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15 – point in time		
Provision of technology & related services	**196,721**	187,255
Revenue from other sources		
Provision of property leasing services		
– Gross rental income from investment properties	**4,265**	4,459
Provision of financial related services		
– Interest income	**1,173**	1,156
– Dividend income from listed equity securities	**193**	126
– Net gain/(loss) on listed equity securities at FVPL (Note)	**(744)**	234
	622	1,516
	201,608	193,230

Note:

	2023	2022
	HK$'000	*HK$'000*
Net gain/(loss) on listed equity securities at FVPL		
– Change in fair value	**(723)**	234
– Realised loss*	**(21)**	–
	(744)	234

* The amount represented the proceeds from the disposal of listed equity securities of approximately HK$139,000 (2022: nil) less relevant costs and carrying value of the listed equity securities sold, of approximately HK$160,000 (2022: nil).

5. OTHER REVENUE

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**34**	32
Management fee income	**198**	66
Others	**505**	60
	737	158

6. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	2023	2022
	HK$'000	*HK$'000*
Finance costs		
Interest on banking facilities	**1,308**	522
Interest on other borrowings	**72**	69
Total finance costs	**1,380**	591
Staff costs (including directors' remuneration)		
Salaries, allowances and other benefits in kind	**8,754**	11,614
Contributions to defined contribution plans	**313**	198
Total staff costs	**9,067**	11,812
Other items		
Auditor's remuneration	**1,300**	1,050
Amortisation of intangible assets	**6,140**	4,458
Depreciation		
– Property, plant and equipment	**44**	349
– Right-of-use assets	**428**	428
Direct operating expenses arising from investment properties that generated leasing income	**159**	117
Exchange loss, net	**122**	2
Research and development expenses (included in "Administrative and other operating expenses")	**26,297**	17,760
Retainer fees (included in "Administrative and other operating expenses") *(Note)*	**107,509**	103,311
Net (reversal of) impairment losses recognised in respect of financial assets at amortised costs		
– Accounts receivable	**4**	(572)
– Loan receivables	**852**	(54)
– Deposits and other receivables	**(1,543)**	(709)
Write-off of loan and interest receivables	**–**	311

Note: Retainer fees include, for example, payments to our business partners who are retained to provide services to the Group and in relation to services that we provide to our customers.

7. INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**3,203**	1,900
Deferred taxation		
Changes in temporary differences	**(1,013)**	(268)
Total income tax expense for the year	**2,190**	1,632

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

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

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

For the years ended 30 April 2023 and 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

PRC Enterprise Income Tax has not been provided for the years ended 30 April 2023 and 2022 as the Group's entities in the PRC incurred a loss for taxation purposes.

8. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 30 April 2023 (2022: Nil). The directors of the Company do not recommend for payment of a final dividend for the year ended 30 April 2023 (2022: Nil).

9. EARNINGS PER SHARE

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

Diluted earnings per share were same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during the years ended 30 April 2023 and 2022.

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

Earnings

	2023	2022
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company, for the purpose of basic and diluted earnings per share	**13,508**	20,037

Number of shares

	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**231,680,312**	223,157,247

10. ACCOUNTS RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Accounts receivable		
From third parties	**122,409**	125,586
Less: Loss allowance	**(9,229)**	(9,225)
	113,180	116,361

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**11,641**	9,584
31 to 60 days	**11,141**	13,477
61 to 90 days	**9,856**	11,101
91 to 180 days	**26,511**	35,396
Over 180 days	**54,031**	46,803
	113,180	116,361

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

	2023 *HK$'000*	2022 *HK$'000*
Not past due	**32,639**	34,162
Past due:		
Less than 30 days	**8,685**	11,820
31 to 60 days	**9,399**	12,191
61 to 90 days	**8,426**	11,384
91 to 180 days	**54,031**	28,563
Over 180 days	**–**	18,241
	80,541	82,199
	113,180	116,361

The Group generally allows an average credit period range from 30 to 180 days (2022: 30 to 180 days) to its customers. The Group does not hold any collateral over these balances.

11. CONTINGENT CONSIDERATION PAYABLE

	2023 *HK$'000*	2022 *HK$'000*
At 30 April and 1 May	**10,213**	–
Contingent consideration arising from acquisition of TeamTech Digital Corporation	**–**	9,663
Net change in fair value recognised in profit or loss	**(2,240)**	1,150
Realised during the year	**–**	(600)
At 30 April	**7,973**	10,213
Analysed for reporting purposes as:		
Current portion	**2,803**	2,351
Non-current portion	**5,170**	7,862
	7,973	10,213

The contingent consideration payable is measured at fair value, which is calculated based on the expected business performance of the acquired companies of the Group. During the year, the decrease in fair value of approximately HK$2,240,000 (2022: increase in fair value of approximately HK$1,150,000) was recognised in profit or loss which was mainly due to the certain levels of revenue and profit and other conditions for the year ended 30 April 2023 have not been fulfilled.

12. SHARE CAPITAL

	2023		2022	
	No. of shares	***HK$'000***	No. of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.04 each				
At the beginning and the end of the reporting period	**5,000,000,000**	**200,000**	5,000,000,000	200,000
Issued and fully paid:				
At the beginning	**227,074,833**	**9,083**	192,189,833	7,688
Issue of shares in respect of acquisition of a subsidiary (note)	**20,500,000**	**820**	34,885,000	1,395
At the end of the reporting period	**247,574,833**	**9,903**	227,074,833	9,083

Note:

On 8 February 2023, the Company allotted and issued 20,500,000 consideration shares at an issue price of HK$0.378 per share to acquire approximately 51% equity interest in Greenie EdTech Corporation ("Greenie"). Details are set out in Note 13 to the consolidated financial statements of this announcement.

On 11 June 2021, the Company allotted and issued 34,885,000 consideration shares at an issue price of HK$0.45 per share to acquire approximately 17.8% equity interest in Claman Global Limited ("Claman"). Details are set out in Note 13 to consolidated financial statements of this announcement.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. ACQUISITION OF SUBSIDIARIES

13(a) Acquisition of Greenie Group

On 28 October 2021, VG Investment Assets Holdings Incorporated ("VG Investment"), a wholly-owned subsidiary of the Company entered into a share purchase agreement (the "Agreement") with Mr. Wun Kam Hoi, an independent third party, in relation to the acquisition of 51% equity interest in Greenie and its subsidiary, Greenie EdTech Limited together (the "Greenie Group"). Pursuant to the Agreement, the consideration shall be HK$20,400,000 which comprises cash consideration of HK$12,645,875 and as to HK$7,754,125 by the allotment and issue of 20,500,000 consideration shares of the Company (the "Consideration shares") at an issue price of approximately HK$0.378 per share.

Greenie is an investment holding company and holds the entire equity interest in its operating subsidiary, Greenie EdTech Limited, and Greenie Group is principally engaged in provision of technology-enhanced education technology solutions and services.

The transaction was completed on 8 February 2023. Details of this acquisition were disclosed in the announcements of the Company dated 28 October 2021, 17 December 2021 and 8 February 2023.

The following summarises the consideration paid and the amount of the assets acquired and liabilities assumed at the date of acquisition:

	Greenie Group *HK$'000*
Net assets acquired:	
Intangible assets	38,024
Bank balances and cash	11
Accruals, deposits received and other payables	(3)
Total identifiable net assets	38,032
Non-controlling interests	(18,636)
	19,396
Consideration paid/payable, satisfied by:	
Cash consideration	12,646
Consideration Shares	6,750
	19,396
An analysis of the cash flows in respect of the acquisition of subsidiaries	
Cash consideration paid	(12,646)
Deposits paid	12,250
Bank balances and cash acquired	11
Net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries	(385)

This acquisition did not constitute business combination as defined in HKFRS 3 (Revised) "Business Combinations". Therefore, the acquisition had been accounted for as acquisition of assets during the year ended 30 April 2023.

The Company issued 20,500,000 ordinary shares as part of the consideration paid for the acquisition of the Greenie Group. The shares issued were valued based on the recognised amounts of net assets of the Greenie Group (net of non-controlling interests) in excess of the amount of other consideration for the acquisition.

13(b) Acquisition of Claman and its subsidiaries ("Claman Group")

On 22 October 2020, VG Investment, a directly wholly-owned subsidiary of the Company, entered into a share and purchase agreement with Allyking International Limited ("Allyking"), an independent third party, pursuant to which VG Investment conditionally agreed to acquire, and Allyking conditionally agreed to sell, 23 shares or approximately 17.8% equity interest in Claman at a consideration of HK$15,689,250 by allotment and issue of 34,885,000 consideration shares of the Company at an issue price of HK$0.45 per share (the "Further Acquisition of Claman").

On 27 November 2020, VG Investment and Claman entered into a subscription agreement, pursuant to which Claman conditionally agreed to issue, and VG Investment conditionally agreed to subscribe for, 26 additional shares issued by Claman at a cash consideration of approximately HK$14,100,000 (the "Subscription of Claman"). Immediately after the Subscription of Claman, the number of shares issued by Claman was increased from 129 shares to 155 shares.

Immediately after the Further Acquisition of Claman and the Subscription of Claman, the number of shares held in Claman was 78 shares or approximately 50.3% equity interest.

VG Investment has stepped up its equity interest in Claman to approximately 50.3%, in which the Group has obtained control. After the completion of the Further Acquisition of Claman and the Subscription of Claman on 11 June 2021, Claman became a subsidiary of the Group. The Claman Group is principally engaged in the financial technology industry in relation to technologies and services that seek to increase the efficiency of online financial transactions.

13(c) Acquisition of TeamTech and its subsidiaries ("TeamTech Group")

On 17 August 2021, a wholly-owned subsidiary of the company entered into a share purchase agreement ("Agreement") with Faith Honest International Co. Ltd. In relation to the acquisition of the entire equity interest in TeamTech, which is an investment holding company and holds approxiamterly 51% equity interest in its operating subsidiaries, TeamSoft Technologies Limited ("TeamSoft") and Four Directors Ecommerce Limited, (together the "TeamTech Group") and; TeamTech Group is principally engaged in software and ecommerce business.

Pursuant to the Agreement, the maximum consideration is HK$16,500,000 which comprises of and is to be satisfied by the Group in the following manner:

(i) Initial consideration

The initial consideration of HK$1,500,000 which is to be settled in cash of HK$750,000 upon completion and another HK$750,000 within 90 days after the completion, subject to the satisfaction of certain conditions.

(ii) Contingent consideration

A maximum of HK$15,000,000 which will be settled in cash upon fulfilment of certain levels of revenues and profits of TeamSoft, and the Group shall have received dividends of not less than certain amounts as stipulated in the Agreement from TeamTech for the years ended/ending 30 April 2022, 2023, 2024 and 2025.

The transaction was completed on 30 September 2021 and a portion of initial consideration of HK$750,000 was duly paid during the year ended 30 April 2022 and the conditions for the remaining initial consideration of HK$750,000 were met but not yet settled and therefore it was recognised as consideration payable as at 30 April 2022.

The fair values of the identifiable assets and liabilities of subsidiaries acquired during the year end 30 April 2022 as at the respective dates of acquisitions are set out below:

	Claman Group *HK$'000*	TeamTech Group *HK$'000*	Total *HK$'000*
Net assets acquired:			
Property, plant and equipment	–	43	43
Intangible assets	9,349	24,859	34,208
Inventories	–	269	269
Trade receivables	–	7,562	7,562
Deposits, prepayments and other receivables	23,465	107	23,572
Bank balances and cash	4,963	174	5,137
Accruals, deposits received and other payables	(2,089)	(7,192)	(9,281)
Deferred tax liabilities	(1,542)	(4,102)	(5,644)
Total identifiable net assets, at fair value	34,146	21,720	55,866
Non-controlling interests	(16,964)	(10,557)	(27,521)
Goodwill arising on acquisition	39,331	–	39,331
	56,513	11,163	67,676
Consideration paid/payable, satisfied by:			
Cash consideration	14,100	1,500	15,600
Consideration Shares	18,489	–	18,489
Contingent consideration – cash	–	9,663	9,663
Total consideration transferred, at fair value	32,589	11,163	43,752
Fair value of pre-existing 22.5% equity interest in Claman at the date of acquisition	23,924	–	23,924
	56,513	11,163	67,676
An analysis of the cash flows in respect of the acquisition of subsidiaries			
Cash consideration paid	(14,100)	(750)	(14,850)
Bank balances and cash acquired	4,963	174	5,137
Net outflow of cash and cash equivalents in respect of the acquisitions of subsidiaries	(9,137)	(576)	(9,713)

The deferred tax liabilities are mainly associated with the identifiable intangible assets and is calculated using the Hong Kong Profits Tax rate at 16.5% on the fair value adjustment of the identifiable intangible assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Technology-Related Service Industry

Global, regional and Hong Kong economic indicators during the financial year ended 30 April 2023 were severely impacted by, amongst other factors, the war in Ukraine throughout this financial year, and, in the case of Hong Kong in particular, COVID pandemic preventative measures and border controls until the later part of this financial year. The war in Ukraine took its toll on business, due to severe global supply chain disruptions, resultant inflation, and persistently rising interest rates. At the same time, COVID pandemic preventative measures and border controls enforced by mainland China, Hong Kong and Macau witnessed continuing business and logistics difficulties experienced by many clients.

According to Gartner, Inc's January 2023 forecast, while inflation continues to erode consumer purchasing power and drive technology device spending down, overall enterprise IT spending is expected to remain strong. In this regard, enterprises and consumers appear to face very different economic realities: for instance, while inflation seems to be devastating many consumer markets, contributing to increased layoffs at many B2C companies, many enterprises are however continuing to increase spending on digital business initiatives despite global economic slowdown. The Gartner forecast explains what we have observed with our clients, that is, that a turbulent economy may change the context of a company's business decisions, delays decision-making, or re-orders business priorities; however, in many situations, IT spending may be relatively less affected by such onslaught of recession forces.

Many enterprises appear to have come to live with this new mode of business operations, that is, they have been increasing their adoption of technology for, and by, both business and customer usage. For example, global technology spending on software and IT services exceeded US$2,000 billion in 2022, according to Gartner's estimates, of which IT services grew to US$1,200 billion, driven in part by accelerated cloud adoption. In addition, we believe that there has been a decision by many enterprises to increase their outsourcing component to external expertise, to address a tight labour market where many skilled IT staff have been migrating away from in-house employment towards technology and service providers who can keep up with increased compensation requirements and career development opportunities.

In contrast with IT services growth, Gartner estimated that global spending on technology devices fell 11% to US$700 billion in 2022. This observation is consistent with the Group's direction to focus on software and IT services, and related consulting and business solutions, with an emphasis on our portfolio of technology-for-business applications, digital transformation, and scalable cloud platforms, including, amongst others, for example, industry vertical expertise in enterprise management technologies, event management solutions, financial management solutions for major events, SaaS mobile enterprise solutions, remote learning/training solutions, and virtual/hybrid event solutions.

Vongroup's Business

Overall Performance; an Overview

The Group's main revenue generating business is a technology and related business where we provide software and IT services, and related consulting and business solutions, with an emphasis on our portfolio of technology-for-business applications, digital transformation, and scalable cloud platforms, including, amongst others, for example, industry vertical expertise in enterprise management technologies, event management solutions, financial management solutions for major events, SaaS mobile enterprise solutions, remote learning/training solutions, and virtual/hybrid event solutions.

Our Group leverages our technology and business expertise, as well as deep industry verticals knowledge, to support our clients' businesses in Hong Kong and overseas with our advanced enterprise technology tools, products and services, to present cost-effective options for them to out-rival their competitors in the market, to enable them to outsource essential work during a tight labour market, and to rapidly deploy newer technologies in the face of an increasingly post-pandemic technology-savvy customer environment.

The Group's international footprint has been extending by setting up our UK/EU regional headquarters in the United Kingdom, which directs our operations for the UK/EU region.

In spite of global, regional and Hong Kong headwinds, we are pleased that our Group has successfully maintained steady development, successfully achieving another profitable year. We have also increased revenue for our Group as a whole, as well as specifically for our technology-related business.

For the financial year ended 30 April 2023

- 4.3% increase in revenue to HK$201.6 million (2022: HK$193.2 million)
- 11.3% decrease in profit before taxation to HK$22.8 million (2022: HK$25.7 million)

Cross-disciplinary Experience in Technology and Business; Deep Knowledge of Multiple Industry Verticals

Our Group has been providing software and IT services to clients across a range of industries in Hong Kong and regionally in their digital transformational journeys and requirements, including when the outbreak of the pandemic in 2020 brought about sudden and increased demand for remote and other newer technologies to support a workforce that was at that time increasingly working from home or to support client interactions that were increasingly or predominantly conducted online. These client demands have now continued to evolve and broaden in the post-pandemic era as enterprises and clients have become more technology-savvy, and many of them are not prepared to turn back to the lower or more simplistic levels of technology adoption that were prevalent in the pre-pandemic era.

We believe that our successful performance in our core technology-related business may be attributed to factors that include, for example: our Group's longer-term mission to establish strategic partnerships with our customers and other experienced organizations, our nimble organization structure that allows us to adapt and deploy resources to different client industries at short notice, our acknowledged expertise in cloud platforms for mega events that involves hundreds of thousands of people or payments that therefore enables us to operate in a scalable manner, our stable management team with expertise and experience that transcends multiple technology, business and financial industries, not just IT, both in Hong Kong and overseas, our corresponding investment in talent development, research and innovation, our continuing programme to pre-build newer technology capabilities that we expect clients may come to demand in the near future, and our excellence in service execution that generates a high degree of customer satisfaction.

For example, our Group's TeamTech business develops, operates and manages enterprise-level SaaS mobile enterprise resource platforms to enable client enterprises to efficiently manage and operate their businesses in a post-pandemic world where the necessity for out-of-office work interaction has become a matter of daily business life.

And our Group's deep industry expertise in multiple verticals, our robust reputation and track record, together with our comprehensive and growing portfolio of tools, services and solutions, offers an attractive proposition for many of our clients. For example, our Group's FringeBacker Events business develops, operates and manages cloud platforms for, amongst others, mega international event industries, like the Standard Chartered Hong Kong Marathon. Mega events involve tens of thousands or hundreds of thousands of participants and interactions, which are projects that call for large-scale technology and related project management expertise, extra-high security and privacy, unique fintech payment solutions, as well as unmatched reputational assurances. And our Group's Greenie EdTech business is focused on remote learning and training industries.

To maximize business opportunities, we cross-sell and leverage our different technology and business capabilities and deep contextual experience in our clients' industries to provide unique, high-quality and high-benefit business results that are targeted to make a difference for them. Where cross-border needs are called for, we deliver our services by deploying our 24/7 Borderless Services infrastructure and location-agnostic working method, where we deploy our resources from multiple locations in order to maximize our ability to support clients wherever their businesses or needs may be situated.

Strategy for Sustainability---move towards a much more technologically-accepting and technologically-demanding market

One of the core values of our business is to be customer-focused in terms of our organization and service delivery process. This means that we place a high degree of emphasis on research and prediction of clients' likely newer technology-for-business needs in the near future. In this manner, we identify highly-probable client needs before they are expressed to us, and we therefore target to make development and/or technology investment decisions early.

For example, during the previous financial year ended 30 April 2022, amidst the COVID pandemic, we had believed that the post-COVID era would likely transition to a normalcy that would see the market maturing into becoming significantly more technologically-accepting, as well as more technologically-demanding. We had envisaged that even newer and more extended forms of digital and remote interaction, in particular higher security, privacy and compliance needs, based on cloud technology, would rank amongst some of the next significant business demands from our enterprise clients across different industries, both in Hong Kong and internationally. We therefore dedicated resources to R&D in newer technologies and commercial applications to eventually meet this prospective demand. This direction at that time is now delivering continuing results for our Group during the current financial year.

To this end, during the financial year under review, our Group has been broadening and deepening our client relationships and analysis of likely future needs, as we have done over the past several years, in order to explore newer business opportunities and newer ways to deploy new technologies, and services, solutions and products and platforms to proactively add commercial value for our clients.

By deploying this early research strategy, the Group has been able to become a leader or pioneer in a number of technology-for-business areas, including, for example, developing and managing a leading technology platform for some of Hong Kong's biggest mega sporting events, like marathons, as well as developing and managing a leading mobile SaaS enterprise resources platform for out-of-office business activity and collaboration.

Increased success in this strategy has helped drive a steady flow of services that have generated business for our Group on a year-after-year basis, from repeat clients. And, over the years, this has resulted in strong relationships with clients, an engaging and rewarded team of staff, an industry-wide reputation for quality, reliability and security, an expansion of potential client markets, as well as a proven track record of delivering value for our shareholders.

Business & Technological Expansion and Development

Since 2007, at different times, the Group has been engaged in technology and related business where we provide software and IT services, and related consulting and business solutions, with an emphasis on our portfolio of technology-for-business applications, digital transformation, and scalable cloud platforms, including, amongst others, for example, industry vertical expertise in enterprise management technologies, event management solutions, financial management solutions for major events, SaaS mobile enterprise solutions, remote learning/training solutions, and virtual/hybrid event solutions.

During the current financial year, our Vongroup Ecosystem of products and services for providing technology-for-business services and solutions has achieved a number of business expansion and development milestones, including, amongst others:

– **International Clients; UK/EU Presence; Technology-for-business Solutions & Services**. Our Group has continued to grow its diversified client base and has achieved continued success not only in securing clients in Hong Kong, but also regionally in mainland China, South Korea, Japan, Indonesia, Thailand, and elsewhere in Southeast Asia, as well as establishing our UK/EU regional headquarters in the United Kingdom to direct operations in that region. Our clients that we serve cover a broad spectrum from small local companies to international enterprises. Industry verticals has continued to be our primary go-to-market business areas, we have continued to secure new and renewal businesses during the 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.

  Some of our most sought-after solutions and services has continued to be: enterprise architecture design and review, digital adoption and technology transformation, next-generation AI-integrated workflow and work management systems with remotely operated functionalities, and intelligent controls using IoT. The foundation for our innovative all-in-one digital platform, which is being developed to help our clients manage across the entire value chain, and integrate data from sales, marketing, cost estimation and control, production management, inventory and facilities management, billing, finance, accounting, human resources, and other business functions. Our comprehensive and sustainable technology-for-business solutions enables superior decision-making across a wide range of operations through advanced analysis using machine learning and AI. With our accumulated global knowledge and technological capabilities, we can anticipate and address key problems and challenges that our clients face at different stages, such as talent retention, by using digital technologies to increase employee's job satisfaction, productivity and improve the work-life balance of employees. Another example, is by using our AI-based cross-section estimations to help our clients implement optimal structural workflow and planning to enable better execution using accurate forecasts of materials and personnel required to achieve target schedules, improve visibility of project progress, enhance work productivity and business efficiency through better designs, better control of project risks, and improved KPIs for quality, cost, schedule, safety, and the environment.

– **Event Management Solutions**. Following the business and operational integration of Claman Group Limited's FringeBacker Events international cloud management solutions system for major events, during the year, FringeBacker Events has expanded its business and sales operations, in order to meet the expected post-COVID demand for digital management of large-scale international events, including sports, music, performance, as well as virtual and hybrid events like conferences and trade shows. To this end, our FringeBacker Events subsidiary was appointed to provide the technology for the Standard Chartered Hong Kong Marathon and others.

– **Financial Management Solutions**. FringeBacker Events has also further developed its financial management solutions for large-scale ticketed entertainment admissions for post-COVID lifestyle, including the upcoming integration of NFT, cashless systems and other advanced digital tools to address industry problems and bottlenecks. FringeBacker Events's instant cashless event payment system is an advanced payment technology, that is frictionless, cloud optimized and offers an innovative, cost-effective, payment solution that is designed to accelerate and drive new fee-based revenues for clients. Hosted on a public cloud, the solution is very resilient, highly secured, customizable and can be auto-scaled.

– **SaaS Mobile Enterprise Solutions**. During the year, TeamTech Digital Corporation's TechSoft has further developed its SaaS work productivity and team collaboration mobile application. To increase market penetration, TeamSoft has also developed industry-specific functions and products to target SMEs and expanding its distribution networks.

– **Virtual/Hybrid Conferences and Mobile Marketing Solutions**. Continued to expand our strategic alliances and joint go-to-market cooperation regarding virtual and hybrid conference and exhibitions, and mobile marketing business in Hong Kong and internationally.

As a result of the Group's achievements, the Group's revenue for the year increased by 4.3% to HK$201.6 million, and technology sector revenue increased by 5.0% to HK$196.7 million.

OUTLOOK

Although COVID pandemic prevention measures and related travel restrictions in relation to mainland China, Hong Kong, and Macau eased towards the latter part of the financial year ended 30 April 2023, many uncertainties remain in the global environment, including, amongst others, escalating geopolitical conflict and the ongoing war in Ukraine, resulting in continuing global uncertainty. We expect that global, regional and Hong Kong business activity will remain challenging, posing significant tough decisions for our clients. However, many industry experts expect that software and IT services spending will continue to increase, which is a trend that would benefit our Group's business prospects.

Industry verticals will continue to be our primary go-to-market business areas, and technology adoption will remain to be a key driver of business growth and transformation for our clients. We will strive to further increase the breadth and depth of our spectrum of Vongroup's ecosystem of technology-for-business services and solutions. We will continue to growing our team and talent base, building partnerships with key technology providers, in order to continue to help our clients accelerate technology adoption and be their "digital ecosystem partner for the post-COVID world".

Potential Additions – Technologies

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 and making new acquisitions that we believe would add to our accumulated business, management and sales skills in relation to technologies-for-business. These potential additions include the acquisition of equity interest in Rosarini International Limited's FashionTech business.

Overseas growth

We are extending our global presence with setting up our office and operations based in the United Kingdom, to direct operations in the UK/EU, and 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 16 years, we look forward continuing to grow our presence in Hong Kong, and internationally in Asia, the United Kingdom and the European Union.

BUSINESS REVIEW

Technology-Related Business

The Group's main revenue generating business is a technology and related business where we provide software and IT services, and related consulting and business solutions, with an emphasis on our portfolio of technology-for-business applications, digital transformation, and scalable cloud platforms, including, amongst others, for example, industry vertical expertise in enterprise management technologies, event management solutions, financial management solutions for major events, SaaS mobile enterprise solutions, remote learning/training solutions, and virtual/hybrid event solutions.

The Group's technology-related business segment recorded steady performance – it achieved revenue increase of 5.0% to HK$196.7 million (2022: HK$187.3 million), and profit for the year was HK$39.9 million (2022: HK$26.2 million).

Technology-Related Business – 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 and making new acquisitions that we believe would add to our accumulated business, management and sales skills in relation to technologies-for-business.

These potential additions include, for example, the acquisition of equity interest in Rosarini International Limited's FashionTech business.

Property and other Businesses

The Group's property-related business is 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.

Rising interest rates and slow economic recovery in the property market weighed on Hong Kong's overall property values, and our property segment recorded unrealized fair value of HK$234.1 million as at 30 April 2023 (2022: HK$239.1 million). Rental income for the year under review was HK$4.3 million (2022: HK$4.5 million).

Although the Group's property segment continues to generate steady income, given uncertain market conditions we will continue to seek opportunities and opportune timing as we target to reduce its weighting. However, we also believe that there would be undervalued opportunities, especially outside Hong Kong.

The financial services related business is engaged in securities trading and other financial-related operations. During the year under review, the Group recorded revenue of HK$0.6 million (2022: HK$1.5 million), resulting in loss of approximately HK$1.1 million (2022: 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.

RISK 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 RASING EXERCISES

The Company did not have any equity fund raising activity during the year. There were no unutilised proceeds brought forward from any issue of equity securities made in previous years.

MATERIAL ACQUISITIONS AND DISPOSALS

(1) Potential acquisition of Equity Interest in Rosarini International Limited – FashionTech

On 27 May 2021, a wholly-owned subsidiary of the Company (the "Rosarini Purchaser") entered into a 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, which is principally engaged in the FashionTech business, 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.

Pursuant to the share purchase 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. As at the date of this report, this acquisition has not yet completed.

(2) Completion of Acquisition of 51% Equity Interest in Greenie EdTech Corporation ("Greenie EdTech")

On 8 February 2023, a wholly-owned subsidiary of the Company completed the acquisition of 51% equity interest in Greenie EdTech, at a consideration of HK$20.4 million, which was 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. Details of this transaction were disclosed in the announcements of the Company dated 28 October 2021, 17 December 2021 and 8 February 2023.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the year.

SIGNIFICANT INVESTMENT

The Group had no significant investment of carrying value of 5% or more of the total assets as at 30 April 2023 and 30 April 2022.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained cash and bank balances as at 30 April 2023 amounting to approximately HK$100.0 million (2022: HK$84.0 million). The Group's current ratio as at 30 April 2023 was 3.7 (2022: 2.9). The total equity of the Group amounted to HK$528.7 million as at 30 April 2023 (2022: HK$483.4 million).

Gearing

The gearing ratio, as a ratio of interest-bearing borrowings to total equity, was 0.09 as at 30 April 2023 (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 and other facilities. The interest rates of borrowings, if applicable, are generally charged by reference to prevailing market rates.

As at 30 April 2023, there were bank borrowings and overdraft facility, which were denominated in Hong Kong dollars, of approximately HK$41.3 million (2022: HK$43.5 million) and approximately HK$4.1 million (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 30 April 2023, there was an unsecured loan entered into by a non-wholly-owned subsidiary, which was denominated in Hong Kong dollars, of approximately HK$1.0 million (2022: HK$1.3 million).

Contingent Liabilities

As at 30 April 2023, the Group did not have any material contingent liability (2022: nil).

Pledge of assets

As at 30 April 2023, 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$183.2 million (2022: HK$185.6 million);

(ii) Leasehold land and buildings of approximately HK$10.3 million (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 lending 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 30 April 2023 (2022: nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 April 2023, the Group had 45 (2022: 55) employees in Hong Kong and the Mainland China. The total staff costs (including directors' remuneration) for the year were approximately HK$9.1 million (2022: HK$11.8 million). The Group has not experienced any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare, share options and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2023.

CORPORATE GOVERNANCE REPORT

During the year under review, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (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 C.1.8, C.2.1, and B.2.2 of the CG Code as described below.

Under code provision C.1.8 of the CG Code, 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 during the year ended 30 April 2023 because it is believed that this legal risk to the Directors is quite low.

Under code provision C.2.1 of the CG Code, the role of chairman and chief executive officer ("CEO") should be performed by different individuals. Mr. Vong Tat Ieong David, who is a Director and CEO of the Company, has also carried out the responsibilities of the chairman of the Company. The Board considers the present structure is more suitable to the Company for it can provide strong and consistent leadership and allow for more efficient formulation and implementation of the Company's development strategies.

Under code provision B.2.2 of the CG Code, every Director should be appointed for a specific term, subject to re-election. The independent non-executive Directors of the Company are not appointed for a specific term which is derivated from code provision B.2.2. In accordance with Article 87 of the Articles of Association adopted on 31 October 2022 (the "New Articles") of the Company, at least one-third of the Directors for the time being shall retire from office by rotation, who have been longest in office since their last re-election, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the directors (the "Model Code"). Having made specific enquiry with all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the year.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors. Amongst other duties, the principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company.

The Group's final results for the year ended 30 April 2023 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 April 2023 as set out in this announcement have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.thevongroup.com). The Company's 2023 annual report containing all the information required by the Listing Rules will be despatched to shareholders and will be available on the above websites in due course.

By Order of the Board
VONGROUP LIMITED
Vong Tat Ieong David
Executive Director

Hong Kong, 31 July 2023

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*