VBG INTERNATIONAL HOLDINGS LIMITED
建泉國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors of VBG International Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company (the "**Directors**"), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

— On 1 April 2020, the Company successfully completed the acquisition of a 100% equity interest in Wealth Link Securities Limited ("**Wealth Link Securities**"), which is principally engaged in securities trading, margin financing and online trading. After the acquisition, Wealth Link Securities has become a direct wholly-owned subsidiary of the Company.

— The Company and its subsidiaries (the "**Group**") recorded a revenue of approximately HK$62.7 million for the year ended 30 September 2020, representing an increase of approximately 51.1% when compared with a revenue of approximately HK$41.5 million for the year ended 30 September 2019 primarily attributable to a surge in contribution from the Group's provision of placing and underwriting services.

— The Group recorded a loss of approximately HK$35.2 million for the year ended 30 September 2020 compared with a loss of approximately HK$23.3 million for the year ended 30 September 2019. The loss for the year ended 30 September 2020 was mainly attributable to (i) a decrease in contribution from the Group's provision of corporate finance advisory services; (ii) the Group incurred underwriting and related expenses in certain placing and underwriting engagements handled by the Group; and (iii) an increase in provision for impairment loss in respect of goodwill arising from the completion of the Group's acquisition of Baron Global Financial Canada Ltd. ("**Baron Canada**").

— The basic and diluted loss per share for the year ended 30 September 2020 was approximately HK6.86 cents and the basic and diluted loss per share for the year ended 30 September 2019 was approximately HK4.54 cents.

— The board of Directors (the "**Board**") did not recommend the payment of a final dividend for the year ended 30 September 2020 (2019: nil).

ANNUAL RESULTS

The Board announces the consolidated results of the Group for the year ended 30 September 2020, together with the comparative figures for the year ended 30 September 2019, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*4*	**62,650**	41,541
Other income, net	*5*	**2,789**	1,772
Provision for impairment loss in respect of goodwill	*11*	**(14,900)**	(4,000)
Provision for impairment loss in respect of trade receivables arising from the business of corporate finance services		**(1,234)**	(1,724)
Bad debts written off in respect of trade receivables arising from the business of corporate finance services		**(1,623)**	—
Administrative expenses and other operating expenses		**(82,310)**	(66,463)
Finance costs	*6*	**(836)**	—
Loss before income tax	*7*	**(35,464)**	(28,874)
Income tax credit	*8*	**238**	5,557
Loss for the year		**(35,226)**	(23,317)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Fair value gain (loss) on financial assets designated at fair value through other comprehensive income ("**Designated FVOCI**")	*13*	**181**	(5,152)
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on consolidation		—	189
Other comprehensive income (loss) for the year		**181**	(4,963)
Total comprehensive loss for the year		**(35,045)**	(28,280)
		HK cents	*HK cents*
Loss per share			
Basic and diluted	*9*	**(6.86)**	(4.54)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Goodwill	11	**12,973**	19,966
Plant and equipment		**4,122**	5,517
Intangible assets		**613**	—
Right-of-use assets	12	**7,748**	—
Other assets		**205**	—
Designated FVOCI	13	**3,494**	2,959
Deposit paid for acquisition of a subsidiary		**—**	10,000
		29,155	38,442
Current assets			
Financial assets at fair value through profit or loss ("**FVPL**")	14	**582**	129
Trade and other receivables	15	**19,108**	24,538
Income tax recoverables		**—**	412
Bank balances — client accounts		**26,250**	—
Bank balances — general accounts and cash		**26,944**	34,238
		72,884	59,317
Current liabilities			
Trade and other payables	16	**36,533**	6,687
Loan payables	17	**2,500**	—
Lease liabilities		**4,599**	—
Income tax payables		**1,832**	3,342
		45,464	10,029
Net current assets		**27,420**	49,288
Total assets less current liabilities		**56,575**	87,730
Non-current liabilities			
Loan payables	17	**240**	—
Lease liabilities		**3,650**	—
Deferred tax payables		**459**	459
		4,349	459
NET ASSETS		**52,226**	87,271
Capital and reserves			
Share capital	18	**5,132**	5,132
Reserves		**47,094**	82,139
TOTAL EQUITY		**52,226**	87,271

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offering on 26 May 2017 (the "**Listing**"). The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of corporate finance advisory services, placing and underwriting services, business consultancy services, asset management services and securities brokerage and margin financing.

In the opinion of the Directors, the immediate holding company of the Company is Jayden Wealth Limited, which is incorporated in the British Virgin Islands (the "**BVI**") and is ultimately controlled by Ms. Wan Ho Yan Letty, the controlling shareholder, an executive director and the chairperson of the Company.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Group, except for the subsidiary established in the People's Republic of China (the "**PRC**") and Canada whose function currency is Renminbi ("**RMB**") and Canadian dollar ("**CAD**") respectively.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all 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, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Annual Improvements Project — 2015-2017 Cycle
HKAS 23: Borrowing Costs Eligible for Capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

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

HK(IFRIC)-Int 23: Uncertainty over Income Tax Treatments

The interpretation supports the requirements in HKAS 12 *Income Taxes* by specifying how to reflect the effects of uncertainty in accounting for income taxes.

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

Amendments to HKAS 19: Employee Benefits

The amendments require the use of updated assumptions to determine current service cost and net interest for the remainder of the reporting period after a change is made to a plan.

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

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 October 2019 (i.e. the date of initial application, the "**DIA**") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated profits or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee — leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis:

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.

(c) Excluded initial direct costs from the measurement of the right-of-use assets at the DIA.

(d) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

The financial impact at the DIA and for the current year is as follows:

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA ranged from 4.84% to 12%.

The following table summarises the impact of transition to HKFRS 16 at the DIA on the consolidated statement of financial position:

	Classification and carrying amount under HKAS 17	**Initial measurement on adoption of HKFRS 16**	**Classification and carrying amount under HKFRS 16**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Right-of-use assets	—	14,579	14,579
Liabilities			
Lease liabilities	—	14,579	14,579

Based on the foregoing, as at 1 October 2019:

- Right-of-use assets and lease liabilities of HK$14,579,000 were recognised on initial measurement respectively.

- There was no adjustment to the opening balance of components of equity.

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 30 September 2019 and lease liabilities recognised at the DIA is as follows.

	HK$'000
Operating lease commitments at 30 September 2019	18,023
Discounted using the lessee's incremental borrowing rate at the DIA	14,915
Less: Short-term leases and other leases with remaining lease term ending on or before 30 September 2019	(336)
Lease liabilities at 1 October 2019	14,579

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the year ended 30 September 2020, certain monthly lease payments for the leases of the Group's office premise have been reduced by the lessor as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment and elected not to apply lease modification accounting for all rent concessions granted by the lessor as a result of the COVID-19 pandemic during the year ended 30 September 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$73,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to the consolidated statement of comprehensive income for the year ended 30 September 2020.

A summary of the principal accounting policies adopted by the Group is set out below:

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for Designated FVOCI and financial assets at FVPL, which are measured at fair value.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Future changes in HKFRSs

As at the date of this announcement, the HKICPA has issued a number of new/revised HKFRSs that are relevant to the Group and are not yet effective for the current period, which the Group has not early adopted.

Amendments to HKASs 1 and 8	Definition of Material [1]
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform — Phase 1 [1]
Amendments to HKFRS 3	Definition of a Business [2]
Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2 [3]
Amendments to HKAS 16	Proceeds before Intended Use [4]
Amendments to HKAS 37	Cost of Fulfilling a Contract [4]
Amendments to HKFRS 3	Reference to the Conceptual Framework [4]
Annual Improvements to HKFRSs	2018–2020 Cycle [4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [5]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020

[3] Effective for annual periods beginning on or after 1 January 2021

[4] Effective for annual periods beginning on or after 1 January 2022

[5] Effective for annual periods beginning on or after 1 January 2023

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

3. SEGMENT INFORMATION

The Group is currently organised into three operating divisions, namely corporate finance, asset management and brokerage and margin financing (2019: a single reportable segment, i.e. corporate finance). These divisions are the basis on which the executive Directors and senior management of the Company, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these operating segments are as follows:

Corporate finance	—	Provision of advisory and consultancy, placing and underwriting and business consulting services
Asset management	—	Provision of asset management services
Brokerage and margin financing	—	Provision of brokerage services in securities and margin financing services

Segment assets and liabilities are not disclosed as they are not considered to be crucial for resources allocation and thereafter not being regularly provided to the chief operating decision maker.

For the year ended 30 September 2019, the Group operated in one single operating segment which was corporate finance. Other than Group wide information, no further analysis of comparable figures for the year ended 30 September 2020 is presented.

Segment revenue and results for the year ended 30 September 2020 are presented below:

	Corporate finance	**Asset management**	**Brokerage and margin financing**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**62,059**	**—**	**591**	**62,650**
Other income, net	**631**	**93**	**191**	**915**
	62,690	**93**	**782**	**63,565**
Results				
Segment results	**(21,914)**	**(1,181)**	**(2,594)**	**(25,689)**
Unallocated corporate income				**251**
Unallocated corporate expenses				**(10,026)**
Loss before taxation				**(35,464)**

Other segment information for the year ended 30 September 2020 are presented below:

Other segment information:

2020	Corporate finance *HK$'000*	Asset management *HK$'000*	Brokerage and margin financing *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to plant and equipment	**361**	**—**	**—**	**361**	**—**	**361**
Depreciation of plant and equipment	**(770)**	**—**	**(232)**	**(1,002)**	**(7)**	**(1,009)**
Depreciation of right-of-use assets	**(6,644)**	**—**	**(168)**	**(6,812)**	**—**	**(6,812)**
Government subsidies	**1,469**	**72**	**266**	**1,807**	**191**	**1,998**
Provision for impairment loss in respect of goodwill	**(14,900)**	**—**	**—**	**(14,900)**	**—**	**(14,900)**
Net unrealised loss on financial assets at FVPL	**(120)**	**—**	**—**	**(120)**	**—**	**(120)**
Bad debt written off in respect of trade receivables arising from the business of corporate finance services	**(1,623)**	**—**	**—**	**(1,623)**	**—**	**(1,623)**
Provision for impairment loss in respect of trade receivables arising from the business of corporate finance services	**(1,234)**	**—**	**—**	**(1,234)**	**—**	**(1,234)**
Write off of plant and equipment	**(1,626)**	**—**	**—**	**(1,626)**	**(173)**	**(1,799)**
Write off of other receivables	**(33)**	**—**	**—**	**(33)**	**—**	**(33)**
Written back of other payables	**500**	**—**	**—**	**500**	**—**	**500**

Information about geographical areas

The Group's operations are principally located in Hong Kong and Canada. The following table provides an analysis of the Group's revenue from external customers by geographical market in which the transactions are located:

	2020 *HK$'000*	2019 *HK$'000*
Hong Kong	**57,885**	36,831
Canada	**4,765**	4,710
	62,650	41,541

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	2020 *HK$'000*	2019 *HK$'000*
Hong Kong	**14,612**	12,436
The PRC	**—**	180
Canada	**11,049**	22,867
	25,661	35,483

Information about major customers

Revenue from customers of corporate finance segment that individually contributing 10% or more of the total revenue of the Group are as follows:

	2020 *HK$'000*	2019 *HK$'000*
Customer A	**14,823**	—
Customer B	**14,700**	—
Customer C	**—**	5,117
Customer D	**n/a***	4,402

* This customer individually contributed less than 10% of the total revenue in 2020.

4. REVENUE

	2020 *HK$'000*	2019 *HK$'000*
Revenue from contracts with customers within HKFRS 15		
Corporate finance advisory services	**21,895**	30,422
Placing and underwriting services	**34,751**	6,409
Business consulting services	**5,413**	4,710
Brokerage commission	**494**	—
Clearing, settlement and handling fee income	**49**	—
	62,602	41,541
Interest revenue calculated using the effective interest method		
Interest income from clients	**48**	—
Total revenue	**62,650**	41,541

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

Year ended 30 September 2020	**Corporate finance advisory services** *HK$'000*	**Placing and underwriting services** *HK$'000*	**Business consulting services** *HK$'000*	**Brokerage commission** *HK$'000*	**Clearing, settlement and handling fee income** *HK$'000*	**Total** *HK$'000*
Timing of revenue recognition:						
— At a point in time	**—**	**34,751**	**—**	**494**	**49**	**35,294**
— Over time	**21,895**	**—**	**5,413**	**—**	**—**	**27,308**
Total revenue from contracts with customers within HKFRS 15 at fixed price	**21,895**	**34,751**	**5,413**	**494**	**49**	**62,602**

Year ended 30 September 2019	Corporate finance advisory services *HK$'000*	Placing and underwriting services *HK$'000*	Business consulting services *HK$'000*	Total *HK$'000*
Timing of revenue recognition:				
— At a point in time	—	6,409	—	6,409
— Over time	30,422	—	4,710	35,132
Total revenue from contracts with customers within HKFRS 15 at fixed price	30,422	6,409	4,710	41,541

5. OTHER INCOME, NET

	2020	2019
	HK$'000	*HK$'000*
Government subsidies *(Note)*	**1,998**	—
Exchange gain, net	**—**	70
Net unrealised loss on financial assets at FVPL	**(120)**	(186)
Interest income	**135**	1,022
(Loss) Gain on disposal of financial assets at FVPL	**(134)**	485
Gain on rental concession due to COVID-19	**73**	—
Recovery of bad debts	**—**	240
Refund of legal and professional fee	**242**	—
Written back of other payables	**500**	—
Others	**95**	141
	2,789	1,772

Note:

During the year, the Group recognised government subsidies of HK$1,335,000 (2019: HK$nil) and CAD110,000 (equivalent to approximately HK$663,000) (2019: HK$nil) in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government ("**Hong Kong Subsidies**") and the Canada Emergency Wage Subsidy of the Canadian Government respectively due to the COVID-19 pandemic. The Hong Kong Subsidies are repayable if the individual recipient company of the Group implements redundancy during the subsidy period from 1 June 2020 to 30 November 2020.

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses on loan payables	**34**	—
Interest expenses on lease liabilities	**802**	—
	836	—

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging (crediting):

	2020	2019
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Employee benefit expense	**29,701**	41,405
Contributions to defined contribution plans	**626**	782
Total staff costs	**30,327**	42,187
Auditor's remuneration	**750**	680
Depreciation		
— Plant and equipment	**1,009**	729
— Right-of-use assets	**6,812**	—
Exchange loss (gain), net	**58**	(70)
Professional fees	**8,761**	7,082
Underwriting and related expenses	**26,700**	—
Write off of plant and equipment	**1,799**	—
Write off of other receivables	**33**	1,200
Operating lease payments on premises	**—**	10,237

8. INCOME TAX CREDIT

The two-tiered profits tax rates regime has been implemented from 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 to be taxed at the rate of 16.5%. If the entity has one or more connected entities, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates.

For the years ended 30 September 2020 and 2019, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes.

The Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 27%. For the year ended 30 September 2020, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose. For the year ended 30 September 2019, the Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 27%.

For the years ended 30 September 2020 and 2019, the Group's entities established in the Cayman Islands and the BVI are exempted from income tax.

For the years ended 30 September 2020 and 2019, for the Group's entity established in the PRC, no Enterprise Income Tax has been provided as the entity incurred a loss for taxation purpose.

	2020	2019
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Over-provision in prior year	**(190)**	(5,659)
Canada Corporate Income Tax		
Current year	**—**	36
Under-provision in prior year	**—**	66
	—	102
Deferred tax		
Reversal of temporary difference	**(48)**	—
Income tax credit	**(238)**	(5,557)

9. **LOSS PER SHARE**

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the year as follows:

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purpose of basic loss per share	**(35,226)**	(23,317)

	2020	2019
	'000	*'000*
Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**513,200**	513,200

Diluted loss per share is presented as there were no dilutive potential ordinary shares outstanding during the years ended 30 September 2020 and 2019.

10. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends approved and paid during the year		
Interim dividends in respect of 2020 of HK$nil per ordinary share (2019: HK$0.01 per ordinary share)	—	5,132
Final dividends in respect of 2019 of HK$nil per ordinary share (2018: HK$0.02 per ordinary share)	—	10,264
	—	15,396

During the year ended 30 September 2020, the Directors do not declare and pay an interim dividend (2019: HK$5,132,000).

The Board does not recommend the payment of a final dividend for the year ended 30 September 2020 (2019: Nil).

11. GOODWILL

Year ended 30 September 2020	**Canada Business CGU**	**Wealth Link Business CGU**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Note a)	*(Note b)*	
Reconciliation of carrying amount			
At the beginning of the reporting period	**19,966**	—	**19,966**
Additions	—	**7,907**	**7,907**
Impairment loss	**(14,900)**	—	**(14,900)**
At the end of the reporting period	**5,066**	**7,907**	**12,973**
Cost	**23,966**	**7,907**	**31,873**
Accumulated impairment loss	**(18,900)**	—	**(18,900)**
At the end of the reporting period	**5,066**	**7,907**	**12,973**

Year ended 30 September 2019	Canada Business CGU *HK$'000* *(Note a)*
Reconciliation of carrying amount	
At the beginning of the reporting period	23,966
Impairment loss	(4,000)
At the end of the reporting period	19,966
Cost	23,966
Accumulated impairment loss	(4,000)
At the end of the reporting period	19,966

Notes:

(a) Canada Business CGU

In April 2018, the Group acquired 100% equity interests in Baron Canada at a consideration of approximately HK$36,900,000 (equivalent to approximately CAD6,150,000). Baron Canada is engaged in the provision of business consulting services to private and public companies in Canada (the "**Canada Business CGU**"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$23,966,000 and was recognised as a goodwill.

At 30 September 2020, the Group assessed the recoverable amount of the Canada Business CGU with reference to a business valuation of Baron Canada determined under a market-based approach as stated in a valuation report issued by an independent professional valuer and an impairment loss of HK$14,900,000 (2019: HK$4,000,000) was made for the current reporting period.

The recoverable amounts of the Canada Business CGU amounted to approximately HK$10,600,000 (2019: HK$27,100,000) are determined on fair value less costs of disposal.

During the year ended 30 September 2020, the financial performance of Baron Canada was deteriorating due to the keen competition and outbreak of COVID-19. Accordingly, in order to assess the recoverable amount of Canada Business CGU, in addition to the price-to-earnings multiple adopted in 2019 valuation, 4 more multiples, including price-to-sales, price-to-book-value, price-to-earning before interests, taxes, depreciation and amortisation ("**EBITDA**") and price-to-cashflow multiples, ("**the multiples**"), which were estimated by the median of the multiples of the selected comparable companies which were comparable to that of Baron Canada, are adopted in 2020 valuation.

Key assumptions and inputs used for the business valuation are as follows:

	2020	2019
Control premium*	**25%**	25%
Discount of lack of marketability#	**16%**	16%
Price-to-earnings multiples^	**22.02**	16.13
Price-to-sales multiples^	**1.74**	—
Price-to-book-value multiples^	**3.41**	—
Price-to-EBITDA^	**12.67**	—
Price-to-cashflow multiples^	**6.33**	—

* Control premium was adopted to reflect the degree of control associated with 100% equity interests of the company as the discount of lack of marketability adopted below is on a non-controlling basis.

\# Discount of lack of marketability was the median of the percentage variance of private placement price and market reference price of international transactions over the 39 years period; the level of value is presented on freely traded and non-controlling basis.

^ The multiples were estimated by the median of the multiples of the selected comparable companies whose principal business were comparable to that of Baron Canada.

Sensitivity of key assumptions

The management considered that a reasonably possible change in the key assumptions and inputs on the Canada Business CGU would not cause significant additional impairment loss.

(b) Wealth Link Business CGU

In April 2020, the Group acquired 100% equity interests in Wealth Link Securities at a consideration of HK$23,402,000. Wealth Link Securities is engaged in provision of placing and underwriting services, brokerage services in securities and margin financing services in Hong Kong (the "**Wealth Link Business CGU**"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$7,907,000 and was recognised as a goodwill.

At 30 September 2020, the Group assessed the recoverable amount of the Wealth Link Business CGU with reference to business valuation of Wealth Link Securities based on cash flow projection of Wealth Link Securities. The calculation uses cash flow projection based on financial budgets covering a 5-year period with reference to the financial information of the selected Hong Kong listed comparable companies, who principal business were comparable to that of Wealth Link Securities, from 2018 to 2020. Cash flows beyond the 5-year period have been extrapolated using a 2.95% long-term growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Accordingly, having compared with the carrying amount of the Wealth Link Business CGU, no impairment loss was recognised against the goodwill associated with the Wealth Link Business CGU for the current reporting period.

Key assumptions and inputs used for the business valuation are as follows:

	2020
Control premium *(Note a)*	**25%**
Discount of lack of marketability *(Note a)*	**16%**
Average growth rate	**14.5%**
Long-term growth rate	**2.95%**
Pre-tax discount rate	**8.39%**

Management determined the average growth rate and long-term growth rate based on past performance and the expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the Wealth Link Business CGU.

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Wealth Link Business CGU to exceed its recoverable amount.

(c) Other information on fair value measurement

The description of valuation technique used in fair value measurement is as follows:

Fair value hierarchy	**Valuation technique**
Canada Business CGU	
Level 3	Market-based approach
Wealth Link Business CGU	
Level 3	Income approach — Discounted cash flow

12. RIGHT-OF-USE ASSETS

The movements of right-of-use assets within HKFRS 16 during the year ended 30 September 2020 are set out below:

	Office premises *HK$'000*
Reconciliation of carrying amount	
— year ended 30 September 2020	
At the beginning of the reporting period upon adoption of HKFRS 16	14,579
Additions	177
Additions — acquisition of a subsidiary	230
Rent reduction	(426)
Depreciation	(6,812)
At the end of the reporting period	7,748
At 30 September 2020	
Cost	14,560
Accumulated depreciation	(6,812)
Net carrying amount	7,748

At the end of the reporting period, the Group leased office premises in Hong Kong and Canada for its daily operations for a term ranging from 1.6 to 10 years with fixed lease payments.

The Group has recognised the following amounts for the year:

	2020	2019
	HK$'000	*HK$'000*
Lease payments		
Low-value assets	**35**	—
Short-term leases expenses	**424**	—
Operating lease payments	**—**	10,237
Expenses recognised in profit or loss	**459**	10,237
Lease payments on lease liabilities	**7,049**	—
Total cash outflow for leases	**7,508**	10,237

Commitments under operating leases

As at 30 September 2020, the Group was committed to HK$27,000 for short-term leases.

As at 30 September 2019, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	HK$'000
Within one year	7,684
In the second to fifth years inclusive	6,861
Over five years	3,478
	18,023

13. DESIGNATED FVOCI

	2020	2019
	HK$'000	*HK$'000*
Equity securities listed overseas	**2,094**	1,960
Equity securities unlisted overseas	**1,400**	999
	3,494	2,959

At the end of reporting period, the fair value of each investment classified as Designated FVOCI is as follows.

	2020	2019
	HK$'000	*HK$'000*
Equity securities — listed		
Cognetivity Neurosciences Ltd.	**533**	88
Helius Medical Technologies, Inc.	**214**	932
Trillium Gold Mines Inc. (formerly known as Confederation Minerals Ltd.)	**737**	198
Providence Gold Mines Inc.	**126**	162
Vext Science Inc. (formerly known as Vapen MJ Ventures Corporation)	**252**	492
Others	**232**	88
	2,094	1,960
Equity securities — unlisted		
Kiaro Brands Inc. (formerly known as Elora Capital Limited)	**248**	879
Cair By David Cosmetics Inc.	**300**	120
Hapbee Technologies Inc.	**852**	—
	1,400	999
	3,494	2,959

During the year ended 30 September 2020, Designated FVOCI at a carrying amount of HK$224,000 (2019: HK$702,000) were disposed of because they no longer matched with the Group's investment strategy. The cumulative gain of HK$42,000 (2019: loss of HK$537,000) that was previously included in the investments revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 30 September 2020.

During the year ended 30 September 2020, the fair value gain on Designated FVOCI of HK$181,000 (2019: fair value loss of HK$5,152,000) was recognised in other comprehensive income (loss).

14. FINANCIAL ASSETS AT FVPL

	2020 *HK$'000*	2019 *HK$'000*
Held for trading		
Derivatives — unlisted options issued by companies listed overseas	**582**	129

15. TRADE AND OTHER RECEIVABLES

	Note	2020 *HK$'000*	2019 *HK$'000*
Trade receivables			
Trade receivables arising from the business of securities brokerage			
— Cash clients	*(b)*	**4,347**	—
— Margin clients	*(c)*	**993**	—
— Hong Kong Securities Clearing Company Limited ("**HKSCC**")	*(d)*	**6,253**	—
	(a)	**11,593**	—
Trade receivables arising from the business of corporate finance services		**7,769**	18,764
Less: Loss allowance	*(e)*	**(3,491)**	(2,824)
		4,278	15,940
Total trade receivables		**15,871**	15,940
Prepayment		**1,116**	2,102
Deposits		**2,015**	2,327
Other receivables		**106**	4,169
		3,237	8,598
		19,108	24,538

Notes:

(a) No ageing analysis by invoice date is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of financial services business. The Group offset certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

(b) The settlement terms of trade receivables from cash client are usually two days after trade date. All the trade receivables from cash clients are neither past due nor impaired at the end of the reporting period and the Directors are of the opinion that the amounts are recoverable.

(c) Trade receivables from margin clients are repayable on demand and bear interest varied between 5% and Hong Kong Prime rate +4%, ranging from 5% to 9% (2019: Nil) per annum for the year ended 30 September 2020. The loans are secured by pledged marketable securities with a total fair value of approximately HK$4,044,000 (2019: Nil). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the year ended 30 September 2020, no margin loans were granted to the Directors nor directors of subsidiaries.

(d) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date and bear interest varied between 0.5% and Hong Kong Prime rate +8%. All the trade receivables from cash clients are neither past due nor impaired at the end of the reporting period.

(e) A loss allowance on trade receivables of approximately HK$3,491,000 (2019: approximately HK$2,824,000) was recognised at the end of the reporting period.

The trade and other receivables are expected to be recovered within one year, except for the deposits of HK$2,015,000 (2019: HK$2,327,000), which are expected to be recovered after more than one year.

Trade receivables arising from the business of corporate finance services

The settlement terms of trade receivables are determined in accordance with the contract terms, usually within 1 month to 3 months after billing.

The ageing analysis of trade receivables arising from the business of corporate finance services (net of loss allowance) by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**1,510**	4,271
31 to 60 days	**195**	1,902
61 to 90 days	**1,895**	515
Over 90 days	**678**	9,252
	4,278	15,940

The ageing analysis of trade receivables arising from the business of corporate finance services (net of loss allowance) by due date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Net yet due	**1,800**	4,935
Past due:		
Within 30 days	**283**	1,609
31 to 60 days	**1,800**	270
61 to 90 days	**—**	1,771
Over 90 days	**395**	7,355
	2,478	11,005
	4,278	15,940

16. TRADE AND OTHER PAYABLES

		2020	2019
	Note	***HK$'000***	*HK$'000*
Trade payables arising from the business of dealing in securities			
— Cash clients	*(b)*	**33,324**	—
— Margin clients	*(c)*	**8**	—
	(a)	**33,332**	—
Other payables			
Accrual and other payables		**3,060**	6,687
Deferred income — government subsidies	*5*	**141**	—
		3,201	6,687
		36,533	6,687

Notes:

(a) No ageing analysis is disclosed as, in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of business.

(b) The normal settlement terms of accounts payable to cash clients and securities clearing houses are two days after trade date.

(c) Amounts due to securities margin clients are repayable on demand.

17. LOAN PAYABLES

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Government loan	*(a)*	**240**	—
Current liabilities			
Loan from a director	*(b)*	**2,500**	—

Notes:

(a) Baron Canada obtained a government loan of CAD40,000 (equivalent to approximately HK$240,000) from Canadian Government due to COVID-19 pandemic. The amount was unsecured, interest-free and repayable on 31 December 2022.

(b) The amount was unsecured, interest-bearing at 2% per annum and repayable on demand.

18. SHARE CAPITAL

	No. of shares	HK$'000
Authorised:		
At 30 September 2019 and 2020 (at par value of HK$0.01 per share)	**2,000,000,000**	**20,000**
Issued and fully paid:		
At 30 September 2019 and 2020 (at par value of HK$0.01 per share)	**513,200,000**	**5,132**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) corporate finance advisory services; (ii) placing and underwriting services; (iii) securities trading services; (iv) asset management services; and (v) business consulting services.

Corporate finance advisory

The Group's corporate finance advisory business is operated by its wholly-owned subsidiary VBG Capital Limited ("**VBG Capital**"), a licensed corporation under the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. The Group's corporate finance advisory services include (i) acting as sponsor in IPO exercises, advising companies on compliance requirements and acting as compliance adviser to listed companies post-IPO; (ii) acting as financial adviser in transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs; and (iii) acting as independent financial adviser to the independent board committees and independent shareholders of listed companies.

Placing and underwriting

Through VBG Capital, the Group acts as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fund-raising exercises of listed companies.

Securities trading

The Group expanded its business to securities trading by acquiring a 100% equity interest in Wealth Link Securities, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in 2019. The acquisition was completed on 1 April 2020, and Wealth Link Securities has become a direct wholly-owned subsidiary of the Company since then. Details of the acquisition were set out in the Company's announcement dated 11 June 2019 and the circular dated 23 September 2019. Through Wealth Link Securities, the Group provides securities trading, margin financing and online trading services.

Asset management

The Group established asset management business under VBG Asset Management Limited ("**VBG Asset Management**"), a licensed corporation under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities in 2019. The Group's asset management services include providing advisory services for equity securities, fixed income securities, real estate securities, mutual funds and discretionary portfolio management services for professional clients.

Business consulting

The Group's business consulting business is operated primarily by its wholly-owned subsidiary in Canada, Baron Canada. The Group's business consulting business includes reviewing potential customers' business, capital structure and corporate strategic plans, advising on financial reporting, corporate management, internal control and corporate governance, and advising on mergers and acquisitions, to listed companies and private companies and potential listing applicants.

Corporate finance advisory business continues to be the core business of the Group. During the year ended 30 September 2020, the corporate finance advisory business accounted for approximately 35.0% of the Group's total revenue. The Group's other businesses, namely, (i) placing and underwriting services; (ii) securities trading services; (iii) asset management services; and (iv) business consulting services, accounted for approximately 55.5%, 0.9%, nil% and 8.6% of its total revenue during the year 30 September 2020, respectively.

FINANCIAL REVIEW

Revenue

For the year ended 30 September 2020, the Group's total revenue increased by approximately 51.1% to approximately HK$62.7 million (2019: approximately HK$41.5 million) primarily attributable to a surge in contribution from the Group's provision of placing and underwriting services from approximately HK$6.4 million for the year ended 30 September 2019 to approximately HK$34.8 million for the year ended 30 September 2020.

For the year ended 30 September 2020, the Group's revenue generated from the provision of corporate finance advisory services decreased by approximately 28.0% to approximately HK$21.9 million (2019: approximately HK$30.4 million), accounting for approximately 35.0% of the Group's total revenue (2019: approximately 73.2%). Such decrease was primarily attributable to a decrease in the number of new IPO sponsorship engagements handled by the Group from 4 for the year ended 30 September 2019 to 1 for the year ended 30 September 2020.

For the year ended 30 September 2020, the Group's revenue generated from the provision of placing and underwriting services increased by approximately 4.4 times to approximately HK$34.8 million (2019: approximately HK$6.4 million) primarily attributable to an increase in the total number and size of placing and underwriting engagements handled by the Group from 3 and a total transaction value of approximately HK$102.6 million for the year ended 30 September 2019 to 5 and a total transaction value of approximately HK$523.0 million for the year ended 30 September 2020 respectively.

For the year ended 30 September 2020, the Group's revenue generated from the provision of securities trading services amounted to approximately HK$591,000 under Wealth Link Securities.

For the year ended 30 September 2020, there was no revenue generated from VBG Asset Management to the Group.

For the year ended 30 September 2020, the Group's revenue generated from the provision of business consulting services increased by approximately 14.9% to approximately HK$5.4 million (2019: approximately HK$4.7 million) mainly due to the recognition of income of approximately HK$517,000 derived from setting up a segregated portfolio company by VBG Asset Management on behalf of its customer.

Other income

The Group's other income mainly represented government subsidies in relation to the COVID-19 pandemic, interest income and write back of other payables. The other income increased by approximately 55.6%, from approximately HK$1.8 million for the year ended 30 September 2019 to approximately HK$2.8 million for the year ended 30 September 2020, mainly resulting from a combined effect of (i) an increase in government subsidies of approximately HK$2.0 million; and (ii) a decrease in interest income of approximately HK$0.9 million.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses mainly comprised staff costs and related expenses, underwriting and related expenses, depreciation of right-of-use assets and professional fees.

The Group's administrative expenses and other operating expenses increased by approximately HK$15.8 million, or approximately 23.8%, from approximately HK$66.5 million for the year ended 30 September 2019 to approximately HK$82.3 million for the year ended 30 September 2020. Such increase was mainly attributable to a combined effect of (i) underwriting and related expenses of approximately HK$26.7 million (2019: nil), which comprise sub-underwriting commissions and referral fees, incurred by the Group in relation to placing and underwriting engagements handled by the Group; and (ii) a decrease in staff costs and related expenses to approximately HK$30.3 million (2019: approximately HK$42.2 million).

The decrease in staff costs and related expenses for the year ended 30 September 2020 was mainly attributable to (i) a salary freeze for the Group's staff and a downward adjustment of remuneration for the Directors; and (ii) a decrease in discretionary bonus.

Income tax credit

The Group's income tax credit decreased to approximately HK$238,000 for the year ended 30 September 2020 from approximately HK$5.6 million for the year ended 30 September 2019, resulting mainly from a decrease in over-provision of tax expenses.

Loss for the year

As a result of foregoing, the Group recorded a loss of approximately HK$35.2 million for the year ended 30 September 2020 as compared to a loss of approximately HK$23.3 million for the year ended 30 September 2019.

Net loss margin

For the year ended 30 September 2020, the Group's net loss margin ratio was approximately 56.2% (2019: approximately 56.1%).

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 30 September 2020, the Group's working capital and other capital needs were principally financed by internal resources.

As at 30 September 2020, all of the Group's cash and cash equivalents were held in Hong Kong dollars, except an amount of approximately HK$2.4 million and HK$0.7 million, in CAD and RMB, respectively, for settling the operating expenses of the subsidiary in Canada and the PRC.

The Directors are of the view that at the date of this announcement, the Group's financial resources are sufficient to support its business and operations.

Bank borrowings

Save for the government loan and loan from a director as disclosed in note 17 to the consolidated financial statements in this announcement, as at 30 September 2020, the Group had no banking facilities and no borrowings (2019: nil).

Charge on assets

The Group did not have any charges on its assets as at 30 September 2020 (2019: nil).

Contingent liabilities

Save for the Group's involvement in a litigation, details of which are set out under the section headed "**LITIGATION**" below, the Group did not have any material contingent liabilities as at 30 September 2020 (2019: nil).

Current ratio

As at 30 September 2020, the Group's current ratio was approximately 1.6 times (2019: approximately 5.9 times). The decrease in the Group's current ratio was mainly due to an increase in trade and other payables after the acquisition of Wealth Link Securities by the Group.

Gearing ratio

The Group's gearing ratio, calculated by dividing total interest-bearing borrowings by equity of the Group, was approximately 20.6% as at 30 September 2020 (2019: zero). The increase in the Group's gearing ratio was mainly due to the increase in lease liabilities as a result of the application of HKFRS 16 which amounted to approximately HK$8.2 million.

Capital structure

The Group's equity consists only of ordinary shares.

The Group's objective in managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the Company's shareholders. The Group's overall strategy remains unchanged since the Listing.

The Group's risk management reviews the capital structure on a regular basis. As part of the review, the management considers the cost of capital and the risk associated with capital and will balance the overall capital structure through the payment of dividends, new share issues as well or sale of assets to reduce debts.

Treasury policies

The Directors will continue to follow a prudent policy in managing the Group's bank balances, trade receivables and financial assets at fair value through profit or loss for the purposes of maintaining the Group's solid and healthy liquidity position.

RISK EXPOSURE

The Board believes that all the major risk factors relevant to the Group have already been listed in the section headed "Risk factors" of the prospectus of the Company dated 15 May 2017 (the "**Prospectus**"). Please refer thereto for more information.

Foreign exchange exposure

Majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material provided that the bank balances denominated in CAD and RMB are insignificant. For the year ended 30 September 2020, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The Directors will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

OUTLOOK AND PROSPECTS

In view of the uncertainty as to when the COVID-19 pandemic might come to an end, the business environment in the first half of 2021 will continue to remain challenging for the Group. Looking ahead, we will actively seek business opportunities for our corporate finance advisory and placing and underwriting businesses. Through Wealth Link Securities, we expect to participate in more placing and underwriting transactions thereby generating more income to the Group. The Group's asset management arm will start to launch relevant products and services to customers when appropriate.

Future plan for material investments or capital assets

Save as disclosed in the section headed "Future plans and use of proceeds" of the Prospectus, the Group did not have any other plans for material investment or capital assets as at 30 September 2020.

Use of proceeds

The net proceeds (the "**Net Proceeds**") raised by the Company from the Share Offer were approximately HK$58.9 million (based on the final Offer Price of HK$0.68 per Offer Share, being the low-end of the price range stated in the Prospectus). The Group adjusted the use of Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

As stated in the Company's announcement dated 10 August 2020, the Board resolved to change the use of HK$2.2 million out of the remaining balance of the unutilised Net Proceeds to general working capital of the Group. Breakdown of the adjusted Net Proceeds, the breakdown of the amount of utilised Net Proceeds and the remaining balance as at 30 September 2020 are summarised as follows:

	Adjusted Net Proceeds	Amount of utilised Net Proceeds as at 30 September 2020	Balance as at 30 September 2020
	HK$ million	*HK$ million*	*HK$ million*
To expand the Group's placing and underwriting business	34.3	34.3	—
To enhance and strengthen the Group's financial advisory business by maintaining and expanding its corporate finance team	5.5	5.5	—
To develop asset management business	3.0	3.0	—
To expand the Group's network internationally and across the PRC	11.9	11.9	—
General working capital	4.2	4.2	—
Total	58.9	58.9	—

As at 30 September 2020, the Net Proceeds were fully utilised.

Material acquisitions and disposals of subsidiaries

The Company entered into an agreement for the acquisition of Wealth Link Securities in 2019. Completion of the acquisition took place on 1 April 2020. Save and except such acquisition, the Group did not have any material acquisitions and disposals of subsidiaries during the year ended 30 September 2020.

Significant investments held

Save for the overseas listed and unlisted equity securities and the unlisted options as disclosed in note 13 and note 14 to the consolidated financial statements in this announcement, the Group did not hold any significant investments as at 30 September 2020.

OTHER INFORMATION

Profit guarantee in relation to the acquisition of Wealth Link Securities

Reference is made to the Company's announcement dated 11 June 2019 (the "**Announcement**") and its circular dated 23 September 2019 (the "**Circular**") in respect of the Company's acquisition of the entire issued shares of Wealth Link Securities. Unless otherwise stated, capitalised terms used below shall have the same meanings as those defined in the Announcement and the Circular. Completion of the Company's acquisition of Wealth Link Securities took place on 1 April 2020 (the "**Completion Date**") and that the performance of Wealth Link Securities was considered to be satisfactory since then. As stated in the Announcement and the Circular, the Seller guarantees to the Purchaser that the net profit after tax of Wealth Link Securities for the period commencing on the Completion Date and ending on the first anniversary of the Completion Date, both days inclusive, shall not be less than HK$2,000,000. The Company will disclose in its annual report for the year ending 30 September 2021 whether such guarantee is satisfied.

Employees and remuneration policies

As at 30 September 2020, the Group employed a total of 48 employees (2019: 48). For the year ended 30 September 2020, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK$30.3 million (2019: approximately HK$42.2 million). Employees' remuneration is determined with reference to market terms and the performance, qualifications and experience of employees. Apart from basic remuneration, the Company may grant share options under the share option scheme (please refer to the disclosure in the section headed "Appendix IV — Statutory and general information" of the Prospectus) adopted by the Company on 4 May 2017 to eligible employees by reference to the Group's performance as well as the individual employee's contributions to the development and growth of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Major customers and suppliers

During the year ended 30 September 2020, the revenue attributable to the Group's largest customer accounted for approximately 23.7% (2019: approximately 12.3%) of the Group's total revenue and the revenue attributable to the Group's top five largest customers accounted for approximately 62.1% (2019: approximately 39.1%) of the Group's total revenue.

The Group had no major suppliers due to the nature of the principal activities of the Group.

None of the Directors or any of their close associates, or any shareholder of the Company (who to the knowledge of the Directors own 5% or more of the issued shares of the Company) had any beneficial interest in any the Group's major customers above.

LITIGATION

In August 2020, the Company as a defendant received a writ of summons (the "**Writ of Summons**") issued in the District Court of the Hong Kong Special Administrative Region by the solicitors acting for Innovax Capital Limited ("**Innovax**") as the plaintiff against the Company. Pursuant to the statement of claim attached to the Writ of Summons, Innovax claimed for repayment from the Company in the sum of HK$400,000, being the amount alleged to be payable by the Company to the Plaintiff under an agreement dated 14 August 2018 entered into between Innovax and the Company in relation to the Company's engagement of Innovax as sole sponsor to the Company in respect of the Company's proposed transfer of listing from GEM to Main Board of the Stock Exchange. It was the view of the Directors that considering the amount of claim, which is not material, the Group has sufficient resources to cover the loss, if any, arising from this claim and therefore the ultimate liability under this claim would not have a material adverse impact on the financial position or results of the Group.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 30 September 2020 (2019: nil).

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company for the year ended 30 September 2020 will be held at 18/F., Prosperity Tower, 39 Queen's Road Central, Hong Kong on Friday, 29 January 2021 at 10:30 a.m. The notice of AGM together with a form of proxy will be published on the Company's website at www.vbg-group.com and the GEM website at www.hkgem.com and despatched to the shareholders of the Company on or about 23 December 2020.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 January 2021 to Friday, 29 January 2021, both days inclusive, for the purposes of determining the entitlements of the shareholders to attend and vote at the AGM. During this closure period, no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Monday, 25 January 2021.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the years ended 30 September 2020 and up to the date of this announcement and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the year ended 30 September 2020 and up to date of this announcement.

CORPORATE GOVERNANCE

The Company has not engaged in any activities falling under the continuing disclosure requirements pursuant to the Rules 17.22 and 17.24 of the GEM Listing Rules.

During the year ended 30 September 2020 and up to the date of this announcement, the Board has reviewed the Group's corporate governance practices and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ho Lik Kwan Luke, as the chairman of the Audit Committee, Mr. Kam Cheuk Fai David and Mr. William Robert Majcher. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions.

Pursuant to code provision C.3.3 of the Code, the Audit Committee together with the management of the Company have reviewed the financial reporting matters including the review of the annual results of the Group for the year ended 30 September 2020 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made. The Audit Committee also reviewed the effectiveness of the risk assessment and internal control systems of the Group.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 September 2020 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Company's audited 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 HKICPA and consequently no assurance has been expressed by Mazars on the preliminary announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors are:

Executive Directors:
Ms. Wan Ho Yan Letty *(Chairperson)*
Mr. Hui Ringo Wing Kun

Non-executive Director:
Mr. Wan Chuen Fai

Independent Non-executive Directors:
Mr. Kam Cheuk Fai David
Mr. William Robert Majcher
Mr. Ho Lik Kwan Luke

By Order of the Board
VBG International Holdings Limited
Wan Ho Yan Letty
Chairperson

Hong Kong, 8 December 2020

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Listed Company Information" page for at least seven days from the day of its posting. This announcement will also be published and remains on the Company's website at www.vbg-group.com.