

HATCHER GROUP LIMITED

亦辰集團有限公司*

(formerly known as 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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2021

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*This announcement, for which the directors of Hatcher Group 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 (UNAUDITED)

- The Company and its subsidiaries (the “**Group**”) recorded a revenue of approximately HK\$13.2 million for the three months ended 31 December 2021, representing an increase of approximately 53.5% when compared with a revenue of approximately HK\$8.6 million for the three months ended 31 December 2020.
- The Group recorded a loss of approximately HK\$1.5 million for the three months ended 31 December 2021, which remained stable compared with a loss of approximately HK\$1.6 million for the three months ended 31 December 2020.
- The basic and diluted loss per share for the three months ended 31 December 2021 was approximately HK0.27 cents and the basic and diluted loss per share for the three months ended 31 December 2020 was approximately HK0.30 cents.
- The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the three months ended 31 December 2021 (2020: nil).

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the three months ended 31 December 2021, together with the unaudited comparative figures for the three months ended 31 December 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 December 2021

		Three months ended	
		31 December	
		2021	2020
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Re-presented)
Continuing operations			
Revenue	3	12,874	8,412
Other income	4	211	1,567
Administrative expenses and other operating expenses		(12,750)	(9,695)
Finance costs	5	(971)	(259)
(Loss) Profit before tax from continuing operations	6	(636)	25
Income tax expense	7	(112)	(184)
Loss for the period from continuing operations		(748)	(159)
Discontinued operations			
Loss for the period from discontinued operations	9	(716)	(1,399)
Loss for the period		(1,464)	(1,558)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain on financial assets designated at fair value through other comprehensive income (“Designated FVOCI”)		1,222	1,828
Other comprehensive income for the period		1,222	1,828
Total comprehensive (loss) income for the period		(242)	270

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the three months ended 31 December 2021

		Three months ended	
		31 December	
		2021	2020
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Re-presented)
Loss for the period attributable to:			
Owners of the Company		(1,546)	(1,558)
Non-controlling interests		82	—
		<u>(1,464)</u>	<u>(1,558)</u>
Total comprehensive (loss) income for the period attributable to:			
Owners of the Company		(324)	270
Non-controlling interests		82	—
		<u>(242)</u>	<u>270</u>
		HK cents	HK cents
			(Re-presented)
From continuing and discontinued operations			
Loss per share			
Basic and diluted	8	<u>(0.27)</u>	<u>(0.30)</u>
From continuing operations			
Loss per share			
Basic and diluted	8	<u>(0.14)</u>	<u>(0.03)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 December 2021

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Exchange reserve HK\$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK\$'000 (Note iv)	Convertible note reserve HK\$'000 (Note v)	Accumulated losses HK\$'000		
At 1 October 2020 (audited)	5,132	70,935	152	1,656	(3,002)	–	(22,647)	–	52,226
Loss for the period	–	–	–	–	–	–	(1,558)	–	(1,558)
Other comprehensive income (loss) for the period									
Items that will not be reclassified to profit or loss									
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	–	–	–	–	32	–	(32)	–	–
Fair value gain on Designated FVOCI	–	–	–	–	1,828	–	–	–	1,828
Total other comprehensive income (loss) for the period	–	–	–	–	1,860	–	(32)	–	1,828
Total comprehensive income (loss) for the period	–	–	–	–	1,860	–	(1,590)	–	270
At 31 December 2020 (unaudited)	5,132	70,935	152	1,656	(1,142)	–	(24,237)	–	52,496
At 1 October 2021 (audited)	5,462	75,555	152	1,656	(3,048)	–	(42,478)	–	37,299
Loss for the period	–	–	–	–	–	–	(1,546)	82	(1,464)
Other comprehensive income for the period									
Items that will not be reclassified to profit or loss									
Fair value gain on Designated FVOCI	–	–	–	–	1,222	–	–	–	1,222
Total other comprehensive income for the period	–	–	–	–	1,222	–	–	–	1,222
Total comprehensive income (loss) for the period	–	–	–	–	1,222	–	(1,546)	82	(242)
Transactions with owners:									
Contributions and distributions									
Issue of share pursuant to acquisition of a subsidiary (Note 11)	500	9,500	–	–	–	–	–	–	10,000
Issue of convertible note (Note 11)	–	–	–	–	–	5,296	–	–	5,296
Total transactions with owners for the period	500	9,500	–	–	–	5,296	–	–	15,296
At 31 December 2021 (unaudited)	5,962	85,055	152	1,656	(1,826)	5,296	(44,024)	82	52,353

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the three months ended 31 December 2021

Notes:

- (i) Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.
- (ii) Capital reserve of the Group represents the capital contribution from the controlling shareholder of certain subsidiaries now comprising the Group before completion of the Group reorganisation to rationalise the group structure for listing of the shares of the Company on GEM of the Stock Exchange.
- (iii) Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (iv) Investment revaluation reserve (non-recycling) comprises the accumulated net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.
- (v) Convertible note reserve represents the equity component (conversion right) of the convertible note issued by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 December 2021

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 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.

Pursuant to the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 22 October 2021 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 10 November 2021, the name of the Company was changed from VBG International Holdings Limited to Hatcher Group Limited with effect from 22 October 2021.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) corporate finance advisory services, (ii) placing and underwriting services, (iii) business consultancy services, (iv) asset management services, (v) securities brokerage and margin financing, (vi) ESG advisory services, (vii) corporate secretarial services, (viii) accounting and taxation services, (ix) risk management and internal control advisory services, and (x) human resources services in Hong Kong.

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 of the Company.

The condensed consolidated financial statements of the Group for the three months ended 31 December 2021 (the “**Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company. The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 11 February 2022.

The Condensed Consolidated Financial Statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group, except for the subsidiaries established in the People's Republic of China (the “**PRC**”) and Canada whose functional currency is Renminbi and Canadian dollar (“**CAD**”) respectively.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed 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 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.

The accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual financial statements of the Group for the year ended 30 September 2021, except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

3. REVENUE

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

	Three months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations		
Licensed business		
Revenue from contracts with customers within HKFRS 15		
Corporate finance advisory services	3,477	6,220
Placing and underwriting services	—	752
Asset management services	50	25
	<u>3,527</u>	<u>6,997</u>
Non-licensed business		
Revenue from contracts with customers within HKFRS 15		
Accounting and taxation services	4,035	—
Business consulting services	2,585	1,415
ESG advisory services	1,344	—
Risk management and internal control advisory services	762	—
Corporate secretarial services	562	—
Human resources services	59	—
	<u>9,347</u>	<u>1,415</u>
Total	<u>12,874</u>	<u>8,412</u>
Discontinued operations		
Licensed business		
Revenue from contracts with customers within HKFRS 15		
Brokerage commission	167	123
Clearing, settlement and handling fee income	6	8
	<u>173</u>	<u>131</u>
Interest revenue calculated using the effective interest method		
Interest income from cash and margin clients	<u>113</u>	<u>36</u>
Total (Note 9)	<u>286</u>	<u>167</u>

4. OTHER INCOME

	Three months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Re-presented)
<u>Continuing operations</u>		
Government subsidies (<i>Note</i>)	167	956
Interest income	1	10
Recovery of bad debts	—	600
Unrealised gain on financial assets at fair value through profit or loss	9	—
Others	34	1
	<u>211</u>	<u>1,567</u>

Note:

During the period, the Group recognised government subsidies of approximately HK\$167,000 (2020: approximately HK\$956,000) in respect of COVID-19 related subsidy schemes with details below:

	Three months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Name of scheme/Location		
Employment Support Scheme/Hong Kong	—	806
Financial Industry Recruitment Scheme for Tomorrow/Hong Kong	87	—
Distance Business Funding Programme/Hong Kong	80	—
Canada Emergency Wage Subsidy/Canada	—	121
Canada Emergency Rent Subsidy/Canada	—	29
	<u>167</u>	<u>956</u>

5. FINANCE COSTS

	Three months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
<u>Continuing operations</u>		
Interest expenses on loan payables	—	102
Interest expenses on convertible note	695	—
Interest expenses on bank borrowings	122	—
Interest expenses on lease liabilities	154	157
	<u>971</u>	<u>259</u>
<u>Discontinued operations</u>		
Interest expenses on lease liabilities (<i>Note 9</i>)	<u>1</u>	<u>3</u>
	<u>972</u>	<u>262</u>

6. (LOSS) PROFIT BEFORE TAX

This is stated after charging:

	Three months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Staff costs (including directors' remuneration):		
<u>Continuing operations</u>		
Employee benefit expense	7,596	5,080
Contributions to defined contribution plans	217	114
	7,813	5,194
<u>Discontinued operations</u>		
Employee benefit expense	573	894
Contributions to defined contribution plans	20	28
	593	922
Total staff costs	8,406	6,116
<u>Continuing operations</u>		
Auditor's remuneration	163	167
Depreciation		
– Plant and equipment	319	164
– Right-of-use assets	1,707	1,623
Professional fees	898	1,941
<u>Discontinued operations</u>		
Auditor's remuneration	25	21
Depreciation		
– Plant and equipment	38	114
– Right-of-use assets	87	84
Professional fees	3	–

7. INCOME TAX EXPENSE

The Group's entities established in the Cayman Islands and the BVI are exempted from income tax.

During each of the periods, only one entity in the Group is subject to the two-tiered Hong Kong profits tax rates while the remaining entities in the Group will continue to be taxed at the rate of 16.5%.

For the three months ended 31 December 2021 and 2020, Hong Kong Profits Tax has been provided on the Group's estimated assessable profits arising from Hong Kong.

For the three months ended 31 December 2021 and 2020, no Enterprise Income Tax has been provided for the Group's entity established in the PRC as the entity incurred a loss for taxation purpose.

For the three months ended 31 December 2021, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose. For the three months ended 31 December 2020, the Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 28%.

	Three months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
<u>Continuing operations</u>		
Current tax		
Hong Kong Profits Tax	112	151
Canada Corporate Income Tax	—	33
Income tax expenses for continuing operations	112	184

8. 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 period as follows:

	Three months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period for the purpose of basic loss per share		
– Continuing operations	(830)	(159)
– Discontinued operations	(716)	(1,399)
	<u>(1,546)</u>	<u>(1,558)</u>
	Three months ended	
	31 December	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares for the purpose of		
basic loss per share	<u>579,352</u>	<u>513,200</u>

Diluted loss per share for the three months ended 31 December 2021 is the same as the basic loss per share as the convertible note outstanding at the end of the reporting period had an anti-dilutive effect on the basic loss per share.

For the three months ended 31 December 2020, diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during reporting period.

9. DISCONTINUED OPERATIONS

		Three months ended 31 December	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	<i>Note</i>		
Revenue	3	286	167
Administrative expenses and other operating expenses		(1,001)	(1,563)
Finance costs	5	(1)	(3)
Loss before tax and for the period		(716)	(1,399)

The loss per share information of Wealth Link Securities is as follows:

		Three months ended 31 December	
		2021	2020
		HK cents	HK cents
		(Unaudited)	(Unaudited)
Loss per share for Wealth Link Securities			
Basic and diluted		(0.13)	(0.27)

10. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the three months ended 31 December 2021 (2020: nil).

11. BUSINESS COMBINATION

On 1 November 2021, completion of the Company's acquisition of the entire issued shares of APEC GROUP INTERNATIONAL LIMITED ("APEGIL"), which has become a direct wholly-owned subsidiary of the Company since then. As a result of the acquisition, 50,000,000 new ordinary shares and a convertible note in an aggregate principal amount of HK\$30,000,000 were issued by the Company as consideration. Up to the date of this announcement, the initial accounting for the above business combination was incomplete as the fair value assessment of goodwill and intangible assets, if any, of APEGIL had not been finalised. The acquisition was made as part of the Group's strategy to transform to a provider of extensive financial and consulting services.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) licensed business on corporate finance advisory services, placing and underwriting services, asset management services and securities brokerage and margin financing (“**Licensed Business**”); and (ii) non-licensed business on ESG advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong (“**Non-Licensed Business**”).

(i) Continuing Operations

Licensed Business

The Group’s Licensed Business is operated by its wholly-owned subsidiaries:

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. 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.
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. 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.

Corporate finance advisory business continues to be the core business of the Group’s Licensed Business. During the three months ended 31 December 2021, the corporate finance advisory business accounted for approximately 26.4% of the Group’s total revenue. The Group’s other Licensed Businesses, namely, (i) placing and underwriting services and (ii) asset management services, accounted for nil% and approximately 0.4% of its total revenue during the three months ended 31 December 2021, respectively.

Non-Licensed Business

The Group's business consulting business is operated primarily by its wholly-owned subsidiary in Canada, Baron Global Financial Canada Ltd. 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. The Group's business consulting services accounted for approximately 19.6% of its total revenue during the three months ended 31 December 2021.

The Group's businesses and operations in respect of the provision of ESG advisory services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services, and human resources services are carried out under APEC GROUP INTERNATIONAL LIMITED ("APEGIL"), the wholly-owned subsidiary of the Company. During the period from 1 November 2021 to 31 December 2021, contributions from APEGIL amounted to approximately HK\$6.8 million accounting for approximately 51.4% of the Group's total revenue.

(ii) Discounted Operations

Licensed Business

The Group expanded its business to securities brokerage and margin financing by acquiring a 100% equity interest in Wealth Link Securities Limited ("**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 Group's securities brokerage and margin financing business accounted for approximately 2.2% of its total revenue during the three months ended 31 December 2021. On 13 September 2021, the Company as seller entered into an agreement for the disposal of 85% equity interest in Wealth Link Securities. As at the date of this announcement, completion of the disposal does not take place.

FINANCIAL REVIEW (CONTINUING AND DISCONTINUED OPERATIONS)

Revenue

For the three months ended 31 December 2021, the Group's total revenue increased by approximately 53.5% to approximately HK\$13.2 million (2020: approximately HK\$8.6 million) primarily attributable to the acquisition of APEGIL by the Company during the reporting period.

Other income

The Group's other income decreased by approximately 86.5%, from approximately HK\$1.6 million for the three months ended 31 December 2020 to approximately HK\$211,000 for the three months ended 31 December 2021, mainly resulting from the decrease in government subsidies of approximately HK\$789,000 and absence of recovery of bad debts of HK\$600,000 recognised during the three months ended 31 December 2021.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses mainly comprised staff costs 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\$2.5 million, or approximately 22.1%, from approximately HK\$11.3 million for the three months ended 31 December 2020 to approximately HK\$13.8 million for the three months ended 31 December 2021. Such increase was mainly attributable to the increase in staff costs due to the acquisition of APEGIL by the Company during the reporting period.

Finance costs

The Group's finance costs increased to approximately HK\$1.0 million for the three months ended 31 December 2021 from approximately HK\$262,000 for the three months ended 31 December 2020, mainly resulting from the interest expenses incurred on the convertible note and the bank borrowings due to the acquisition of APEGIL by the Company during the reporting period.

Loss for the period

As a result of foregoing, the Group recorded a loss of approximately HK\$1.5 million for the three months ended 31 December 2021 as compared to a loss of approximately HK\$1.6 million for the three months ended 31 December 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 13 September 2021, the Company as seller entered into an agreement for the disposal of 85% equity interest in Wealth Link Securities at a consideration of HK\$14,000,000 to be paid and settled in cash. As at the date of this announcement, completion of the disposal does not take place. Details of the disposal was disclosed in the announcement of the Company dated 13 September 2021 and the circular of the Company dated 10 February 2022.

On 1 November 2021, completion of the Company's acquisition of the entire issued shares of APEGIL took place. Upon completion of the acquisition, APEGIL has become a direct wholly-owned subsidiary of the Company.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries during the three months ended 31 December 2021.

PROSPECTS

With an expected better business environment in 2022 relative to 2021, the Group will continue to seek business opportunities for our existing Licensed Business and potential Non-Licensed Business. The acquisition of the APEGIL is expected to create synergy with the Group's current business and diversify the Group's revenue source; and expand the Group's client base, enabling the Group to transform to a provider of extensive financial and consulting services.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions

(i) Interests in the shares of the Company:

Name of Directors	Capacity/Nature	Number of shares interested	Approximate Percentage of the issued share capital of the Company (Note 3)
Ms. Wan Ho Yan Letty ("Ms. Letty Wan")	Interests of controlled corporation/Beneficial owner	359,745,000 (L) (Note 1)	60.34%
Mr. Yeung Chun Yue David ("Mr. Yeung")	Interests of controlled corporation	33,000,000 (L) (Note 2)	5.54%

Notes:

- (1) These 359,745,000 shares include 359,540,000 shares held by Jayden Wealth Limited (“**Jayden Wealth**”), a company incorporated in the BVI and wholly owned by Ms. Letty Wan. Therefore, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth for the purpose of the SFO.
- (2) These 33,000,000 shares are held by GREAT WIN GLOBAL LIMITED (“**Great Win**”), a company incorporated in the BVI and wholly owned by Mr. Yeung. Therefore, Mr. Yeung is deemed to be interested in all the shares held by Great Win for the purpose of the SFO.
- (3) The approximate percentage of shareholdings is based on 596,200,000 Shares in issue as at 31 December 2021.
- (4) The letter “L” denotes as long positions in the shares of the Company.

(ii) Interests in the shares of an associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity/Nature	Percentage of the	
			Number of shares interested	issued share capital of the associated corporation
Ms. Letty Wan	Jayden Wealth	Beneficial owner	1	100%

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “**DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**” above and “**SHARE OPTION SCHEME**” below, neither the Company nor any of its subsidiaries or associated corporations was, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations at any time during the three months ended 31 December 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2021, the following parties (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares or underlying shares of the Company

Name of shareholders	Nature of interests	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Approximate percentage of the issued share capital of the Company (Note 4)
Jayden Wealth	Beneficial owner	359,540,000	–	359,540,000 (Note 1)	60.31%
LUCK ACHIEVE DEVELOPMENTS LIMITED ("Luck Achieve")	Beneficial owner	50,000,000	150,000,000	200,000,000 (Note 2)	33.55%
Great Win	Beneficial owner	33,000,000	–	33,000,000 (Note 3)	5.54%

Notes:

- (1) Jayden Wealth is a company incorporated in the BVI and wholly owned by Ms. Letty Wan as at 31 December 2021. Under the SFO, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth.
- (2) Luck Achieve is a company incorporated in the BVI and owned as to 60% by Mr. Li Chun Fung, 20% by Mr. Li Man Keung Edwin and 20% by Mr. Li Man Chun as at 31 December 2021 respectively. Under the SFO, Mr. Li Chun Fung is deemed to be interested in all the shares held by Luck Achieve. Luck Achieve is the beneficial owner of the convertible note of the Company which is convertible into a maximum of 150,000,000 shares of the Company (the "Convertible Note"). Therefore, Luck Achieve is deemed to be interested in 150,000,000 shares which may fall to be issued and allotted by the Company following the exercise of the conversion rights attaching to the Convertible Note (assuming full conversion of the Convertible Note).

- (3) Great Win is a company incorporated in the BVI and wholly owned by Mr. Yeung, executive Director of the Company as at 31 December 2021. Under the SFO, Mr. Yeung is deemed to be interested in all the shares held by Great Win.
- (4) The approximate percentage of shareholdings is based on 596,200,000 Shares in issue as at 31 December 2021.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or chief executives of the Company who held any interests or short positions in the shares and/or underlying shares of the Company as at 31 December 2021 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Scheme**”) by the resolutions in writing of the sole shareholder of the Company passed on 4 May 2017. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years from the date of its adoption. No share option has been granted by the Company since the adoption of the Scheme and there was no share option outstanding as at 31 December 2021.

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

Reference is made to the agreement (the “**Agreement**”) dated 11 June 2021 entered into by the Company as purchaser for the acquisition (the “**Acquisition**”) of the entire issued shares of APEGIL, the Acquisition was completed on 1 November 2021. As a result of the completion of the Acquisition and pursuant to the terms of the Agreement, on 1 November 2021, (i) 50,000,000 new ordinary shares of the Company were issued and allotted to Luck Achieve (or its nominee(s)) at an issue price of HK\$0.20 per share to settle the amount of HK\$10,000,000 of the consideration for the Acquisition under the Agreement and that (ii) the Convertible Note in an aggregate principal amount of HK\$30,000,000 was issued by the Company to Luck Achieve (or its nominee(s)) to settle the remaining amount of HK\$30,000,000 of the consideration for the Acquisition under the Agreement. Pursuant to the Convertible Note, the Company will issue and allot 150,000,000 new shares (the “**Conversion Shares**”) upon full conversion of the Convertible Note at a conversion price of HK\$0.20 per Conversion Share. Details of the Acquisition were disclosed in the announcement of the Company dated 11 June 2021 and the circular of the Company dated 30 September 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the three months ended 31 December 2021 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 three months ended 31 December 2021 and up to the date of this announcement.

COMPETING INTERESTS

As at 31 December 2021, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has or may have any other conflict of interests with the Group during the three months ended 31 December 2021.

CORPORATE GOVERNANCE

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

During the three months ended 31 December 2021 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. William Robert Majcher and Mr. Lau Pak Kin Patric. 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 unaudited condensed consolidated results of the Group for the three months ended 31 December 2021 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.

BOARD OF DIRECTORS

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

Executive Directors:

Mr. Li Man Keung Edwin (*Executive Chairman*)

Mr. Hui Ringo Wing Kun

Mr. Yeung Chun Yue David (*Vice Chairman*)

Independent Non-executive Directors:

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

By Order of the Board
Hatcher Group Limited
Hui Ringo Wing Kun
Executive Director

Hong Kong, 11 February 2022

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.