

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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 JUNE 2022 AND CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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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\$58.2 million for the nine months ended 30 June 2022, representing an increase of approximately 86.5% when compared with a revenue of approximately HK\$31.2 million for the nine months ended 30 June 2021.
- The Group recorded a loss of approximately HK\$78,000 for the nine months ended 30 June 2022 compared with a loss of approximately HK\$10.6 million for the nine months ended 30 June 2021. The decrease in loss for the nine months ended 30 June 2022 was mainly attributable to the revenue contribution from APEC GROUP INTERNATIONAL LIMITED (“**APECGIL**”) of approximately HK\$35.3 million since its acquisition by the Company on 1 November 2021 and up to 30 June 2022.
- The basic and diluted loss per share for the nine months ended 30 June 2022 was approximately HK0.02 cents. The basic and diluted loss per share for the nine months ended 30 June 2021 was approximately HK2.05 cents.
- The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the nine months ended 30 June 2022 (2021: nil).

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 June 2022, together with the unaudited comparative figures for the three months and nine months ended 30 June 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 June 2022

	Note	Three months ended		Nine months ended	
		30 June		30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Re-presented)		(Re-presented)
Continuing operations					
Revenue	3	27,879	6,113	57,482	25,231
Other income, net	4	1,318	74	1,296	2,201
Allowance for expected credit loss on trade receivables		(1)	–	(441)	–
Administrative expenses and other operating expenses		(23,276)	(8,472)	(53,451)	(38,489)
Finance costs	5	(419)	(130)	(2,045)	(601)
Profit (Loss) before tax from continuing operations	6	5,501	(2,415)	2,841	(11,658)
Income tax expense	7	(461)	(13)	(659)	(81)
Profit (Loss) for the period from continuing operations		5,040	(2,428)	2,182	(11,739)
Discontinued operations					
(Loss) Profit for the period from discontinued operations	9	(682)	(1,584)	(2,260)	1,187
Profit (Loss) for the period		4,358	(4,012)	(78)	(10,552)
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Fair value (loss) gain on financial assets designated at fair value through other comprehensive income (“ Designated FVOCI ”)		(3,330)	109	(1,510)	755

	Note	Three months ended		Nine months ended	
		30 June		30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Re-presented)		(Re-presented)
Other comprehensive (loss) income for the period		<u>(3,330)</u>	<u>109</u>	<u>(1,510)</u>	<u>755</u>
Total comprehensive income (loss) for the period		<u><u>1,028</u></u>	<u><u>(3,903)</u></u>	<u><u>(1,588)</u></u>	<u><u>(9,797)</u></u>
Profit (Loss) for the period attributable to:					
Owners of the Company		4,228	(4,012)	(117)	(10,552)
Non-controlling interests		<u>130</u>	<u>–</u>	<u>39</u>	<u>–</u>
		<u><u>4,358</u></u>	<u><u>(4,012)</u></u>	<u><u>(78)</u></u>	<u><u>(10,552)</u></u>
Total comprehensive income (loss) for the period attributable to:					
Owners of the Company		898	(3,903)	(1,627)	(9,797)
Non-controlling interests		<u>130</u>	<u>–</u>	<u>39</u>	<u>–</u>
		<u><u>1,028</u></u>	<u><u>(3,903)</u></u>	<u><u>(1,588)</u></u>	<u><u>(9,797)</u></u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
			(Re-presented)		(Re-presented)
From continuing and discontinued operations					
Earnings (Loss) per share					
Basic	8	0.59	(0.78)	(0.02)	(2.05)
Diluted	8	<u>0.58</u>	<u>(0.78)</u>	<u>(0.02)</u>	<u>(2.05)</u>
From continuing operations					
Earnings (Loss) per share					
Basic	8	0.68	(0.47)	0.33	(2.28)
Diluted	8	<u>0.67</u>	<u>(0.47)</u>	<u>0.33</u>	<u>(2.28)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 June 2022

	Attributable to owners of the Company									
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i> <i>(Note i)</i>	Capital reserve <i>HKS'000</i> <i>(Note ii)</i>	Exchange reserve <i>HKS'000</i> <i>(Note iii)</i>	Investment revaluation reserve (non-recycling) <i>HKS'000</i> <i>(Note iv)</i>	Convertible note reserve <i>HKS'000</i> <i>(Note v)</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 October 2020 (audited)	5,132	70,935	152	1,656	(3,002)	—	(22,647)	52,226	—	52,226
Loss for the period	—	—	—	—	—	—	(10,552)	(10,552)	—	(10,552)
Other comprehensive income (loss) for the period										
<i>Items that will not be reclassified to profit or loss</i>										
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	—	—	—	—	(256)	—	256	—	—	—
Fair value gain on Designated FVOCI	—	—	—	—	755	—	—	755	—	755
Total other comprehensive income for the period	—	—	—	—	499	—	256	755	—	755
Total comprehensive income (loss) for the period	—	—	—	—	499	—	(10,296)	(9,797)	—	(9,797)
Subscription of new shares	330	4,620	—	—	—	—	—	4,950	—	4,950
At 30 June 2021 (unaudited)	5,462	75,555	152	1,656	(2,503)	—	(32,943)	47,379	—	47,379

Attributable to owners of the Company

	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i> <i>(Note i)</i>	Capital reserve <i>HKS'000</i> <i>(Note ii)</i>	Exchange reserve <i>HKS'000</i> <i>(Note iii)</i>	Investment revaluation reserve (non- recycling) <i>HKS'000</i> <i>(Note iv)</i>	Convertible note reserve <i>HKS'000</i> <i>(Note v)</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 October 2021 (audited)	5,462	75,555	152	1,656	(3,048)	—	(42,478)	37,299	—	37,299
(Loss) Profit for the period	—	—	—	—	—	—	(117)	(117)	39	(78)
Other comprehensive income (loss) for the period										
<i>Items that will not be reclassified to profit or loss</i>										
Fair value loss on Designated FVOCI	—	—	—	—	(1,510)	—	—	(1,510)	—	(1,510)
Total other comprehensive loss for the period	—	—	—	—	(1,510)	—	—	(1,510)	—	(1,510)
Total comprehensive (loss) income for the period	—	—	—	—	(1,510)	—	(117)	(1,627)	39	(1,588)
Transactions with owners:										
<i>Contributions and distributions</i>										
Issue of share and convertible note pursuant to acquisition of a subsidiary <i>(Note 11)</i>	500	7,550	—	—	—	11,335	—	19,385	—	19,385
Derecognition of subsidiaries	—	—	(373)	—	—	—	—	(373)	—	(373)
Issue of shares pursuant to conversion of convertible note	1,250	31,807	—	—	—	(9,446)	—	23,611	—	23,611
Total transactions with owners for the period	1,750	39,357	(373)	—	—	1,889	—	42,623	—	42,623
At 30 June 2022 (unaudited)	7,212	114,912	(221)	1,656	(4,558)	1,889	(42,595)	78,295	39	78,334

Notes:

- (i) Share premium represents the excess of the net proceeds from issuance of the Company's share 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 debt as they fall due in the ordinary course of business.
- (ii) Capital reserve represents the capital contribution from the controlling party 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 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 accumulative 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 and nine months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands 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 located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 21/F., Low Block, Grand Millennium Plaza, 181 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.

The condensed consolidated financial statements of the Group for the three months and nine months ended 30 June 2022 (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 5 August 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 subsidiary established in the People's Republic of China (the “**PRC**”) and Canada whose function 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 (“**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.

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. 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

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Licensed business				
Revenue from contracts with customers within HKFRS 15				
Corporate finance advisory services	1,629	4,527	7,727	13,932
Placing and underwriting services	1,225	–	1,225	5,563
Asset management services	21	22	140	67
	<u>2,875</u>	<u>4,549</u>	<u>9,092</u>	<u>19,562</u>
Non-licensed business				
Revenue from contracts with customers within HKFRS 15				
Accounting and taxation services	10,657	–	22,550	–
Business consulting services	8,935	1,564	13,093	5,669
ESG advisory services	2,426	–	5,539	–
Risk management and internal control advisory services	2,048	–	4,351	–
Corporate secretarial services	866	–	2,479	–
Human resources services	72	–	378	–
	<u>25,004</u>	<u>1,564</u>	<u>48,390</u>	<u>5,669</u>
Total	<u><u>27,879</u></u>	<u><u>6,113</u></u>	<u><u>57,482</u></u>	<u><u>25,231</u></u>
Discontinued operations				
Licensed business				
Revenue from contracts with customers within HKFRS 15				
Placing and underwriting services	–	130	–	5,077
Brokerage commission	67	163	386	696
Clearing, settlement and handling fee income	7	28	9	43
	<u>74</u>	<u>321</u>	<u>395</u>	<u>5,816</u>
<i>Interest revenue calculated using the effective interest method</i>				
Interest income from cash and margin clients	<u>75</u>	<u>72</u>	<u>288</u>	<u>155</u>
Total (Note 9)	<u><u>149</u></u>	<u><u>393</u></u>	<u><u>683</u></u>	<u><u>5,971</u></u>

4. OTHER INCOME (LOSS), NET

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
<u>Continuing operations</u>				
Government subsidies (<i>Note</i>)	446	65	726	1,111
Interest income	–	2	3	12
Unrealised gain on financial assets at fair value through profit or loss	700	–	717	–
Gain on disposal of financial assets at fair value through profit or loss	409	–	409	–
Recovery of bad debts	–	–	–	600
Refund of legal and professional fee	–	–	–	133
Loss on disposal of fixed assets	(411)	(7)	(411)	(7)
Others	174	14	(148)	352
	<u>1,318</u>	<u>74</u>	<u>1,296</u>	<u>2,201</u>
<u>Discontinued operations</u> (<i>Note 9</i>)				
Government subsidies (<i>Note</i>)	78	–	101	216
Loss on disposal of fixed assets	–	(470)	–	(470)
Others	3	–	3	–
	<u>81</u>	<u>(470)</u>	<u>104</u>	<u>(254)</u>

Note:

During the nine months ended 30 June 2022, the Group recognised government subsidies of approximately HK\$827,000 (2021: approximately HK\$1,327,000) in respect of COVID-19 related subsidy schemes with details below:

Name of scheme/Location	Nine months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Continuing operations		
Employment Support Scheme/Hong Kong	340	806
Financial Industry Recruitment Scheme for Tomorrow/Hong Kong	116	20
Financial Industry Recruitment Scheme for Young Graduates/Hong Kong	160	–
Distance Business Funding Programme/Hong Kong	80	–
Subsidy Scheme for Employment Agencies/Hong Kong	30	–
Canada Emergency Wage Subsidy/Canada	–	210
Canada Emergency Rent Subsidy/Canada	–	75
	<u>726</u>	<u>1,111</u>
Discontinued operations		
Employment Support Scheme/Hong Kong	48	216
Financial Industry Recruitment Scheme for Young Graduates/Hong Kong	53	–
	<u>101</u>	<u>216</u>
	<u>827</u>	<u>1,327</u>

5. FINANCE COSTS

	Three months ended 30 June		Nine months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Interest expenses on loan payables	–	12	–	190
Interest expenses on convertible note	62	–	1,048	–
Interest expenses on bank borrowings	194	–	503	–
Interest expenses on lease liabilities	163	118	494	411
	<u>419</u>	<u>130</u>	<u>2,045</u>	<u>601</u>
Discontinued operations				
Interest expenses on lease liabilities (Note 9)	4	4	6	9
	<u>423</u>	<u>134</u>	<u>2,051</u>	<u>610</u>

6. PROFIT (LOSS) BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Staff costs (including directors' remuneration):				
<u>Continuing operations</u>				
Employee benefit expense	9,764	3,609	28,222	15,280
Contributions to defined contribution plans	346	71	886	276
	<u>10,110</u>	<u>3,680</u>	<u>29,108</u>	<u>15,556</u>
<u>Discontinued operations</u>				
Employee benefit expense	495	739	1,774	2,447
Contributions to defined contribution plans	21	22	63	73
	<u>516</u>	<u>761</u>	<u>1,837</u>	<u>2,520</u>
Total staff costs	<u>10,626</u>	<u>4,441</u>	<u>30,945</u>	<u>18,076</u>
<u>Continuing operations</u>				
Auditor's remuneration	163	167	488	499
Depreciation				
– Plant and equipment	632	160	1,374	485
– Right-of-use assets	1,344	748	5,253	3,994
Exchange gain, net	(1)	–	(3)	–
Professional fees	1,970	1,224	4,738	8,314
Underwriting and related expenses	–	–	–	5,885
	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,885</u>
<u>Discontinued operations</u>				
Auditor's remuneration	25	21	75	64
Depreciation				
– Plant and equipment	38	83	114	310
– Right-of-use assets	86	90	260	258
Professional fees	–	–	4	–
	<u>–</u>	<u>–</u>	<u>4</u>	<u>–</u>

7. INCOME TAX EXPENSE

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

For the nine months ended 30 June 2022 and 2021, 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 nine months ended 30 June 2022 and 2021, Hong Kong Profits Tax has been provided on the Group's estimated assessable profits arising from Hong Kong.

For the nine months ended 30 June 2022 and 2021, 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 nine months ended 30 June 2022, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose. For the nine months ended 30 June 2021, the Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 28%.

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
<u>Continuing operations</u>				
Current tax:				
Hong Kong Profits Tax	461	–	659	–
Canada Corporate Income Tax	–	13	–	81
Income tax expenses for continuing operations	<u>461</u>	<u>13</u>	<u>659</u>	<u>81</u>

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on profit/(loss) attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the periods as follows:

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss)				
Profit/(Loss) for the period for the purpose of basic earnings/(loss) per share				
– Continuing operations	4,910	(2,428)	2,143	(11,739)
– Discontinued operations	(682)	(1,584)	(2,260)	1,187
	4,228	(4,012)	(117)	(10,552)
Effect of dilutive potential ordinary shares:				
Interest on convertible note (net of income tax)	52	–	–	–
	4,280	(4,012)	(117)	(10,552)
	<u>4,280</u>	<u>(4,012)</u>	<u>(117)</u>	<u>(10,552)</u>
	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Shares				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	721,200	514,288	643,819	513,563
Effect of dilutive potential ordinary shares:				
Convertible note	25,000	–	–	–
	746,200	514,288	643,819	513,563
	<u>746,200</u>	<u>514,288</u>	<u>643,819</u>	<u>513,563</u>

Diluted loss per share for the nine months ended 30 June 2022 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 and nine months ended 30 June 2021, diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the reporting period.

9. DISCONTINUED OPERATIONS

On 13 September 2021, the Company entered into a sales and purchase agreement with JUMBO HARVEST GROUP LIMITED, to dispose of 85% of its equity interests in Wealth Link Securities Limited (“**Wealth Link Securities**”), a wholly-owned subsidiary of the Company, for a cash consideration of HK\$14,000,000 (the “**Disposal**”). Details of the Disposal are disclosed in the announcement and circular of the Company dated 13 September 2021 and 10 February 2022 respectively. As at 30 June 2022, the Group has received refundable deposits of HK\$3,000,000. The Disposal would cause the Group’s entire brokerage and margin financing business and partial of corporate finance business to be discontinued. The Disposal was not yet completed up to the date of approving the Condensed Consolidated Financial Statements. The results of Wealth Link Securities for the three months and nine months ended 30 June 2022 are analysed as follows:

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue (Note 3)	149	393	683	5,971
Other income (loss), net (Note 4)	81	(470)	104	(254)
Administrative expenses and other operating expenses	(908)	(1,503)	(3,041)	(4,521)
Finance costs (Note 5)	(4)	(4)	(6)	(9)
	<u>(682)</u>	<u>(1,584)</u>	<u>(2,260)</u>	<u>1,187</u>
(Loss) Profit before tax and for the period	(682)	(1,584)	(2,260)	1,187

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

	Three months ended		Nine months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK cents	HK cents	HK cents	HK cents
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) Earnings per share for Wealth Link Securities				
Basic and diluted	(0.09)	(0.31)	(0.35)	0.23

The basic and diluted loss/earnings per share for Wealth Link Securities are calculated by dividing the loss/profit for the period of Wealth Link Securities by the weighted average number of ordinary shares for basic and diluted loss/earnings per share computation. The denominators used are the same as those detailed in Note 8 to the Condensed Consolidated Financial Statements.

10. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the nine months ended 30 June 2022 (2021: nil).

11. BUSINESS COMBINATION

On 1 November 2021, the Group acquired the entire issued shares of APECGIL at a consideration of HK\$40,000,000 which was settled by the issue and allotment of 50,000,000 new shares at HK\$0.20 per share and the remaining HK\$30,000,000 by way of the issue of the convertible note convertible into 150,000,000 new shares upon full conversion of the convertible note at a conversion price of HK\$0.20 per share. APECGIL and its subsidiaries are engaged in the provision of ESG advisory services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services, and human resources services in Hong Kong.

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 two wholly-owned subsidiaries of the Company:

VBG Capital Limited (“ VBG Capital ”)	A licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “ SFO ”) 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.
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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 nine months ended 30 June 2022, the corporate finance advisory business accounted for approximately 13.3% 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 approximately 2.1% and 0.2% of its total revenue during the nine months ended 30 June 2022, respectively.

Non-Licensed Business

The Group’s Non-Licensed Business is operated primarily in Hong Kong and Canada by two wholly-owned subsidiaries of the Company, APEC GROUP INTERNATIONAL LIMITED (“**APECGIL**”) and Baron Global Financial Canada Ltd. The Group’s Non-Licensed Business includes the provision of ESG advisory services, business consulting services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services to listed companies, private companies and potential listing applicants. The Group’s Non-Licensed Business accounted for approximately 83.2% of its total revenue during the nine months ended 30 June 2022.

(ii) Discontinued 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 1.2% of its total revenue during the nine months ended 30 June 2022. 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 nine months ended 30 June 2022, the Group's total revenue increased by approximately 86.5% to approximately HK\$58.2 million (2021: approximately HK\$31.2 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 26.3%, from approximately HK\$1.9 million for the nine months ended 30 June 2021 to approximately HK\$1.4 million for the nine months ended 30 June 2022, mainly resulting from the decrease in government subsidies of approximately HK\$500,000.

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\$13.5 million, or approximately 31.4%, from approximately HK\$43.0 million for the nine months ended 30 June 2021 to approximately HK\$56.5 million for the nine months ended 30 June 2022 primarily attributable to the acquisition of APEGIL by the Company during the reporting period.

Finance costs

The Group's finance costs increased to approximately HK\$2.1 million for the nine months ended 30 June 2022 from approximately HK\$610,000 for the nine months ended 30 June 2021, 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\$78,000 for the nine months ended 30 June 2022 as compared with a loss of approximately HK\$10.6 million for the nine months ended 30 June 2021.

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 and under the section headed "**PROSPECTS**" below, the Group did not have any material acquisitions and disposals of subsidiaries during the nine months ended 30 June 2022.

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. Apart from the acquisition of APEGIL, the Company and the Board have been actively exploring new business opportunities in order to bring a higher return for the shareholders of the Company, in particular acquisition targets with its business focus in the Greater Bay Area due to the recent relaxed quarantine measures in the PRC and the opportunities arising from the Greater Bay Area.

On 13 June 2022, the Company as purchaser entered into an agreement with Liang Zihao and Tse Chi Ming, independent third parties to the Group, to acquire the entire equity interest of Earning Joy Development Limited (the "**Target Company**") at a consideration of HK\$38,000,000 to be paid and settled by the issuance of promissory notes. The promissory notes will be issued by the Company upon completion of the acquisition and shall bear simple interest at the rate of 2.0% per annum payable annually in arrears for the period of 2 years. Completion of the acquisition is subject to the satisfaction of the due diligence performed against the Target Company and other condition precedents. The long stop date for the acquisition shall be no later than 31 December 2022. The Target Company together with its subsidiaries principally engage in the provision of accounting, taxation and business consultancy services in the PRC. The Directors are of the view that the acquisition of the Target Company shall create synergy with our current business and enhance our strategy of becoming an integrated one-stop financial services provider.

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

As at 30 June 2022, 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 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)
Mr. Li Man Keung Edwin ("Mr. Li")	Interests of controlled corporation/ Beneficial owner	116,870,000 (Note 1)	16.20%
Mr. Yeung Chun Yue David ("Mr. Yeung")	Interests of controlled corporation	33,000,000 (Note 2)	4.58%

Notes:

- (1) These 116,870,000 shares include 113,730,000 shares held by Tanner Enterprises Group Limited ("Tanner Enterprises"), a company incorporated in the British Virgin Islands (the "BVI") and wholly owned by Mr. Li. Therefore, Mr. Li is deemed to be interested in all the shares held by Tanner Enterprises 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 721,200,000 shares of the Company in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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 nine months ended 30 June 2022.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, 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 substantial 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)
Ms. Wan Ho Yan Letty (“Ms. Letty Wan”)	Interests of controlled corporation/ Beneficial owner	233,605,000	–	233,605,000 (Note 1)	32.39%
Jayden Wealth Limited (“Jayden Wealth”)	Beneficial owner	233,400,000	–	233,400,000 (Note 1)	32.36%
Tanner Enterprises	Beneficial owner	113,730,000	–	113,730,000 (Note 2)	15.77%
LUCK ACHIEVE DEVELOPMENTS LIMITED (“Luck Achieve”)	Beneficial owner	50,000,000	25,000,000	75,000,000 (Note 3)	10.40%

Notes:

- (1) Jayden Wealth is a company incorporated in the BVI and wholly owned by Ms. Letty Wan as at 30 June 2022. Under the SFO, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth.
- (2) Tanner Enterprises is a company incorporated in the BVI and wholly owned by Mr. Li, an executive Director, as at 30 June 2022. Under the SFO, Mr. Li is deemed to be interested in all the shares held by Tanner Enterprises.
- (3) 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 30 June 2022 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 25,000,000 shares of the Company (the “**Convertible Note**”). Therefore, Luck Achieve is deemed to be interested in 25,000,000 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).
- (4) The approximate percentage of shareholdings is based on 721,200,000 shares of the Company in issue as at 30 June 2022.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executives of the Company who held any interests or short positions in the shares and/or underlying shares of the Company as at 30 June 2022 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 30 June 2022.

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. The Convertible Note with an aggregate principal amount of HK\$25,000,000 has been converted into 125,000,000 new shares of the Company in March 2022. As at 30 June 2022, the outstanding principal amount of the Convertible Note is HK\$5,000,000. 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 nine months ended 30 June 2022 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 nine months ended 30 June 2022 and up to the date of this announcement.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 15 August 2022, the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited (the “**Branch Share Registrar**”), will change its address from Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong to:

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

COMPETING INTERESTS

As at 30 June 2022, 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 nine months ended 30 June 2022.

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 nine months ended 30 June 2022 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 D.3.3 of Part 2 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 D.3.3 of Part 2 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 nine months ended 30 June 2022 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, 5 August 2022

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the day of its publication and will be published on the Company’s website at www.hatcher-group.com.