

# HATCHER GROUP LIMITED

## 亦辰集團有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

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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.

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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

## ANNUAL RESULTS

The board of Directors (the “**Board**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 September 2022, together with the comparative figures for the year ended 30 September 2021, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30 September 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>			
<b>Revenue</b>	<i>4</i>	<b>72,157</b>	30,934
Other income, net	<i>5</i>	<b>647</b>	2,234
Provision for impairment loss in respect of goodwill	<i>11</i>	<b>(2,350)</b>	(1,505)
(Provision) Reversal of impairment loss in respect of trade receivables		<b>(531)</b>	600
Bad debt written off in respect of trade receivables		–	(200)
Administrative expenses and other operating expenses		<b>(69,899)</b>	(48,011)
Finance costs	<i>6</i>	<b>(2,454)</b>	(716)
<b>Loss before tax from continuing operations</b>	<i>7</i>	<b>(2,430)</b>	(16,664)
Income tax (expense) credit	<i>8</i>	<b>(750)</b>	2,161
<b>Loss for the year from continuing operations</b>		<b>(3,180)</b>	(14,503)
<b>Discontinued operations</b>			
<b>Loss for the year from discontinued operations</b>	<i>16</i>	<b>(4,999)</b>	(5,585)
<b>Loss for the year</b>		<b>(8,179)</b>	(20,088)
<b>Other comprehensive (loss) income:</b>			
<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 (“ <b>Designated FVOCI</b> ”)	<i>13</i>	<b>(1,893)</b>	211
<b>Other comprehensive (loss) income for the year</b>		<b>(1,893)</b>	211
<b>Total comprehensive loss for the year</b>		<b>(10,072)</b>	(19,877)

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(Loss) Profit for the year attributable to:</b>			
Owners of the Company		<b>(8,253)</b>	(20,088)
Non-controlling interests		<u>74</u>	<u>—</u>
		<b><u>(8,179)</u></b>	<b><u>(20,088)</u></b>
<b>Total comprehensive (loss) income attributable to:</b>			
Owners of the Company		<b>(10,146)</b>	(19,877)
Non-controlling interests		<u>74</u>	<u>—</u>
		<b><u>(10,072)</u></b>	<b><u>(19,877)</u></b>
		<i>HK Cents</i>	<i>HK Cents</i>
<b>From continuing and discontinued operations</b>			
<b>Loss per share</b>			
Basic and diluted	9	<b><u>(1.24)</u></b>	<b><u>(3.85)</u></b>
<b>From continuing operations</b>			
<b>Loss per share</b>			
Basic and diluted	9	<b><u>(0.49)</u></b>	<b><u>(2.78)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Goodwill	<i>11</i>	<b>43,671</b>	3,561
Intangible assets		<b>4,764</b>	–
Plant and equipment		<b>11,518</b>	2,715
Right-of-use assets	<i>12</i>	<b>12,130</b>	6,138
Designated FVOCI	<i>13</i>	<b>732</b>	2,565
Financial assets at fair value through profit or loss (“FVPL”)	<i>14</i>	<b>1,366</b>	–
Deferred tax assets		<b>167</b>	–
		<hr/> <b>74,348</b>	<hr/> 14,979
<b>Current assets</b>			
Financial assets at FVPL	<i>14</i>	<b>3,551</b>	1,061
Other investments		<b>791</b>	–
Trade and other receivables	<i>15</i>	<b>20,521</b>	3,843
Bank balances – client accounts		<b>101,502</b>	–
Bank balances – general accounts and cash		<b>16,825</b>	18,958
		<hr/> <b>143,190</b>	<hr/> 23,862
Assets classified as held for sale	<i>16</i>	<b>49,069</b>	30,604
		<hr/> <b>192,259</b>	<hr/> 54,466
<b>Current liabilities</b>			
Trade and other payables	<i>17</i>	<b>107,675</b>	5,014
Interest-bearing borrowings	<i>18</i>	<b>25,923</b>	–
Deposit received for disposal of a subsidiary	<i>16</i>	<b>3,500</b>	2,000
Loan payables	<i>19</i>	<b>360</b>	2,000
Lease liabilities		<b>3,661</b>	3,133
Income tax payables		<b>1,627</b>	593
		<hr/> <b>142,746</b>	<hr/> 12,740
Liabilities associated with assets classified as held for sale	<i>16</i>	<b>38,669</b>	15,205
		<hr/> <b>181,415</b>	<hr/> 27,945
<b>Net current assets</b>		<hr/> <b>10,844</b>	<hr/> 26,521
<b>Total assets less current liabilities</b>		<hr/> <b>85,192</b>	<hr/> 41,500

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Loan payables	<i>19</i>	–	360
Lease liabilities		<b>8,835</b>	3,382
Other payables	<i>17</i>	<b>300</b>	–
Convertible note	<i>20</i>	<b>5,443</b>	–
Deferred tax liabilities		<b>1,275</b>	459
		<u><b>15,853</b></u>	<u>4,201</u>
<b>NET ASSETS</b>		<u><b>69,339</b></u>	<u>37,299</u>
<b>Capital and reserves</b>			
Share capital	<i>21</i>	<b>7,212</b>	5,462
Reserves	<i>22</i>	<b>62,628</b>	31,837
Equity attributable to owners of the Company		<b>69,840</b>	37,299
Non-controlling interests		<b>(501)</b>	–
<b>TOTAL EQUITY</b>		<u><b>69,339</b></u>	<u>37,299</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 September 2022*

### 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 offer 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 has been changed from 18/F, Prosperity Tower, 39 Queen’s Road Central, Hong Kong to 21/F., Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong with effect from 24 May 2022.

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 change 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) environmental, social and governance (“**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 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 (“**RMB**”) and Canadian dollar (“**CAD**”) respectively.

### 2. PRINCIPAL ACCOUNTING POLICIES

#### **Basis of preparation**

The consolidated financial statements has 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 (“**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 2021 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**

### ***Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

### ***Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021***

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings and therefore the comparative information has not been restated.

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

## **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 balance, transactions, income 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.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

### ***Allocation of total comprehensive income***

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

### ***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.

## Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

## Future changes in HKFRSs

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 HKAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Annual Improvements to HKFRSs	2018-2020 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>4</sup> The effective date to be determined

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

### 3. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

In the current year, the Group reorganised its internal reporting structure for clearer descriptive information about their operation which resulted in changes to the composition of its reportable segments. The Group is currently organised into two operating divisions, namely licensed business and non-licensed business (2021: three operating divisions, namely corporate finance, asset management and brokerage and margin financing). Prior year segment disclosures have been represented to conform with the current year's presentation.

The principal activities of these operating segments are as follows:

Licensed business	Provision of asset management services, corporate finance advisory services, placing and underwriting services and securities brokerage and margin financing
Non-licensed business	Provision of accounting and taxation services, business consulting services, corporate secretarial services, ESG advisory services, human resources services and risk management and internal control advisory 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.

#### Segment revenue and results

##### Year ended 30 September 2022

	Continuing operations		Discontinued operations	Total HK\$'000
	Licensed business HK\$'000	Non-licensed business HK\$'000	Licensed business HK\$'000	
Revenue	12,877	59,280	805	72,962
Other income (loss), net, including provision of impairment loss in respect of trade receivables	709	(598)	202	313
	<u>13,586</u>	<u>58,682</u>	<u>1,007</u>	<u>73,275</u>
<b>Results</b>				
Segment results	<u>(2,581)</u>	<u>6,402</u>	<u>(4,999)</u>	(1,178)
Unallocated corporate income				5
Unallocated corporate expenses				<u>(6,256)</u>
Loss before taxation				<u>(7,429)</u>

Year ended 30 September 2021 (Re-presented)

	Continuing operations		Discontinued operations	Total <i>HK\$ '000</i>
	Licensed business <i>HK\$ '000</i>	Non-licensed business <i>HK\$ '000</i>	Licensed business <i>HK\$ '000</i>	
Revenue	23,266	7,668	6,294	37,228
Other income, net, including bad debts written off and reversal of impairment loss in respect of trade receivables	1,379	1,218	203	2,800
	<u>24,645</u>	<u>8,886</u>	<u>6,497</u>	<u>40,028</u>
Results				
Segment results	<u>(6,372)</u>	<u>(2,846)</u>	<u>(5,585)</u>	(14,803)
Unallocated corporate income				37
Unallocated corporate expenses				<u>(7,483)</u>
Loss before taxation				<u>(22,249)</u>

## Other segment information

Year ended 30 September 2022

	Continuing operations		Discontinued operations		Total <i>HK\$'000</i>
	Licensed business <i>HK\$'000</i>	Non-licensed business <i>HK\$'000</i>	Licensed business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	
Additions to intangible assets	–	6,220	–	–	6,220
Additions to plant and equipment	–	11,182	–	–	11,182
Additions to right-of-use assets	–	11,958	–	–	11,958
Amortisation of intangible assets	–	(1,456)	–	–	(1,456)
Depreciation of plant and equipment	(36)	(1,916)	–	–	(1,952)
Depreciation of right-of-use assets	–	(5,966)	–	–	(5,966)
Government subsidies	639	560	188	22	1,409
Gain on disposal of other investments	–	–	–	7	7
(Loss) gain on disposal of financial assets at FVPL	(58)	–	–	677	619
Loss on derecognition of subsidiaries	–	–	–	(372)	(372)
Net unrealised loss on financial assets at FVPL	–	(701)	–	(402)	(1,103)
Provision for impairment loss in respect of goodwill	–	(2,350)	(1,863)	–	(4,213)
Provision for impairment loss in respect of intangible assets	–	–	(230)	–	(230)
Provision for impairment loss in respect of plant and equipment	–	–	(53)	–	(53)
Provision for impairment loss in respect of right-of-use assets	–	–	(410)	–	(410)
Provision of impairment loss in respect of trade receivables	–	(531)	–	–	(531)
Write off of plant and equipment	(9)	(418)	–	–	(427)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Year ended 30 September 2021 (Re-presented)

	Continuing operations		Discontinued operations		Total <i>HK\$'000</i>
	Licensed business <i>HK\$'000</i>	Non-licensed business <i>HK\$'000</i>	Licensed business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	
	Additions to plant and equipment	–	65	–	
Depreciation of plant and equipment	(54)	(592)	(347)	–	(993)
Depreciation of right-of-use assets	(3,240)	(3,063)	(345)	–	(6,648)
Gain on disposal of plant and equipment	–	–	93	–	93
Government subsidies	750	440	217	35	1,442
Provision for impairment loss in respect of goodwill	–	(1,505)	(6,044)	–	(7,549)
Net unrealised gain on financial assets at FVPL	–	479	–	–	479
Bad debt written off in respect of trade receivables	–	(200)	–	–	(200)
Reversal of impairment loss in respect of trade receivables	–	600	–	–	600
Written back of other payables	193	–	–	–	193
Write off of plant and equipment	(7)	–	–	–	(7)
Write off of intangible assets	–	–	(113)	–	(113)

**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:

	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
Hong Kong	<b>67,372</b>	25,722
Canada	<b>4,785</b>	5,212
	<b><u>72,157</u></b>	<u>30,934</u>
<b><u>Discontinued operations</u></b>		
Hong Kong	<b>805</b>	6,294

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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
Hong Kong	<b>66,264</b>	3,538
Canada	<b>5,819</b>	8,876
	<b>72,083</b>	12,414
<b><u>Discontinued operations</u></b>		
Hong Kong	<b>1,017</b>	2,886

#### **Information about major customers**

Revenue from customers of licensed business and non-licensed business segments that individually contributing 10% or more of the total revenue of the Group are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
Customer A	<b>(note)</b>	7,909
Customer B	<b>11,279</b>	–
<b><u>Discontinued operations</u></b>		
Customer A	<b>(note)</b>	4,247

*Note:*

The customer contributed less than 10% of the total revenue of the Group for the relevant reporting periods.

#### 4. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
<b>Licensed business</b>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Corporate finance advisory services	11,076	17,605
Placing and underwriting services	1,521	5,563
Asset management services	280	98
	<u>12,877</u>	<u>23,266</u>
<b>Non-licensed business</b>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Accounting and taxation services	12,105	–
Business consulting services	32,385	7,668
Corporate secretarial services	3,382	–
ESG advisory services	7,046	–
Human resources services	1,010	–
Risk management and internal control advisory services	3,352	–
	<u>59,280</u>	<u>7,668</u>
	<u>72,157</u>	<u>30,934</u>
<b><u>Discontinued operations</u></b>		
<b>Licensed business</b>		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Placing and underwriting services	10	5,077
Brokerage commission	420	900
Clearing, settlement and handling fee income	30	78
	<u>460</u>	<u>6,055</u>
<i>Interest revenue calculated using the effective interest method</i>		
Interest income from cash and margin clients	345	239
	<u>805</u>	<u>6,294</u>
<b>Total (note 16)</b>	<b><u>805</u></b>	<b><u>6,294</u></b>

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

	Continuing operations		Discontinued operations	Total
	Licensed business <i>HK\$'000</i>	Non-licensed business <i>HK\$'000</i>	Licensed business <i>HK\$'000</i>	
<b>Year ended 30 September 2022</b>				<b><i>HK\$'000</i></b>
Timing of revenue recognition:				
– at a point in time	1,521	–	460	1,981
– over time	11,356	59,280	–	70,636
<b>Total revenue from contracts with customers within HKFRS 15 at fixed price</b>	<b>12,877</b>	<b>59,280</b>	<b>460</b>	<b>72,617</b>
	Continuing operations		Discontinued operations	Total
	Licensed business <i>HK\$'000</i>	Non-licensed business <i>HK\$'000</i>	Licensed business <i>HK\$'000</i>	
<b>Year ended 30 September 2021 (Re-presented)</b>				<b><i>HK\$'000</i></b>
Timing of revenue recognition:				
– at a point in time	5,563	–	6,055	11,618
– over time	17,703	7,668	–	25,371
<b>Total revenue from contracts with customers within HKFRS 15 at fixed price</b>	<b>23,266</b>	<b>7,668</b>	<b>6,055</b>	<b>36,989</b>

## 5. OTHER INCOME, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
Gain on disposal of financial assets at FVPL	619	–
Gain on disposal of other investments	7	–
Government subsidies ( <i>note</i> )	1,221	1,225
Interest income	19	23
Loan interest income	–	290
Loss on derecognition of subsidiaries	(372)	–
Net unrealised (loss) gain on financial assets at FVPL	(1,103)	479
Recharge income from disbursement costs	257	–
Written back of other payables	–	193
Others	(1)	24
	<u>647</u>	<u>2,234</u>
<b><u>Discontinued operations</u> (<i>note 16</i>)</b>		
Government subsidies ( <i>note</i> )	188	217
Gain on disposal of plant and equipment	–	93
Gain on lease modification (as lessee)	–	6
Write off of intangible assets	–	(113)
Others	14	–
	<u>202</u>	<u>203</u>
	<u><u>849</u></u>	<u><u>2,437</u></u>

### *Note:*

During the year, the Group recognised government subsidies of HK\$1,001,000, HK\$122,000 and HK\$286,000 respectively in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic, Financial Industry Recruitment Scheme for Tomorrow and Financial Industry Recruitment Scheme for Young Graduates under the Financial Service and the Treasury Bureau (2021: HK\$1,070,000 and CAD62,000 (equivalent to approximately HK\$372,000) respectively in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government and the Canada Emergency Wage Subsidy of the Canadian Government due to the COVID-19 pandemic).

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
Interest expenses on bank borrowings	666	–
Interest expenses on convertible note	1,173	–
Interest expenses on lease liabilities	615	523
Interest expenses on loan payables	–	193
	<hr/>	<hr/>
	2,454	716
<b><u>Discontinued operations</u></b>		
Interest expenses on lease liabilities <i>(note 16)</i>	11	11
	<hr/>	<hr/>
	<u>2,465</u>	<u>727</u>

## 7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
<b><u>Continuing operations</u></b>		
Employee benefit expense	42,612	18,868
Contributions to defined contribution plans	<u>1,370</u>	<u>430</u>
	<u>43,982</u>	<u>19,298</u>
<b><u>Discontinued operations</u></b>		
Employee benefit expense	2,004	2,711
Contributions to defined contribution plans	<u>101</u>	<u>111</u>
	<u>2,105</u>	<u>2,822</u>
Total staff costs	<u><u>46,087</u></u>	<u><u>22,120</u></u>
<b><u>Continuing operations</u></b>		
Auditor's remuneration	1,150	650
Amortisation		
– Intangible assets (included in “Administrative expenses and other operating expenses”)	1,456	–
Depreciation		
– Plant and equipment	1,952	646
– Right-of-use assets	5,966	6,303
Professional fees	7,330	13,738
Underwriting and related expenses	–	3,885
Write off of plant and equipment	<u>427</u>	<u>7</u>
<b><u>Discontinued operations</u></b>		
Auditor's remuneration	100	100
Depreciation		
– Plant and equipment	–	347
– Right-of-use assets	–	345
Professional fees	<u>23</u>	<u>19</u>

## 8. INCOME TAX EXPENSE (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 2022 and 2021, 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% (2021: 27%). For the year ended 30 September 2022, Corporate Income Tax of Canada has not been provided as the entity established in Canada incurred a loss for taxation purpose. For the year ended 30 September 2021, Corporate Income Tax of Canada has been provided on the Group's estimated assessable profits arising from Canada.

For the years ended 30 September 2022 and 2021, the Group's entities established in the Cayman Islands and the BVI are exempted from income tax.

For the years ended 30 September 2022 and 2021, 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><u>Continuing operations</u></b>		
<b>Current tax</b>		
Hong Kong Profits Tax		
Current year	1,189	–
Overprovision in prior years ( <i>note</i> )	–	(2,333)
	<u>1,189</u>	<u>(2,333)</u>
Canada Corporate Income Tax		
Current year	–	172
Overprovision in prior year	(198)	–
	<u>(198)</u>	<u>172</u>
	<u>991</u>	<u>(2,161)</u>
<b>Deferred Tax</b>		
Origination and reversal of temporary difference	(241)	–
	<u>750</u>	<u>(2,161)</u>

**Reconciliation of income tax expense (credit) from continuing operations**

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Loss before taxation	<u><b>(2,430)</b></u>	<u>(16,664)</u>
Tax calculated at applicable tax rate	<b>(875)</b>	(2,835)
Non-deductible expenses	<b>1,628</b>	1,759
Tax exempt revenue	<b>(331)</b>	(795)
Overprovision in prior years	<b>(198)</b>	(2,333)
Unrecognised tax losses	<b>951</b>	1,815
Utilisation of previous unrecognised tax losses	<b>(10)</b>	—
Others	<u><b>(415)</b></u>	<u>228</u>
Income tax expense (credit)	<u><b>750</b></u>	<u>(2,161)</u>

*Note:*

Included in the overprovision in the current year is the tax losses of nil (2021: HK\$2,333,000) arising in prior years that were not expected to be allowable for deduction of assessable profits subsequently earned. Those tax losses were approved during the year.

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group's entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries in which the Group operates.

## 9. LOSS PER SHARE

### Basic loss per share

The calculation of the basic 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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share		
– Continuing operations	<b>(3,254)</b>	(14,503)
– Discontinued operations	<b>(4,999)</b>	(5,585)
	<u><b>(8,253)</b></u>	<u>(20,088)</u>
	<b>2022</b>	2021
<b>Shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share ( <i>'000</i> )	<b>663,323</b>	521,789
	<u><b>(1.24)</b></u>	<u>(3.85)</u>

### Diluted loss per share

As the Company's outstanding convertible notes had an anti-dilutive effect to the basic loss per share calculation for the year ended 30 September 2022, the conversion of the potential dilutive ordinary shares is not assumed in the computation of the diluted loss per share for the year ended 30 September 2022. There were no potential dilutive ordinary shares in issue during the year ended 30 September 2021. The diluted loss per share is the same as the basic loss per share for the years ended 30 September 2022 and 2021.

## 10. DIVIDENDS

During the year ended 30 September 2022, the Directors do not declare and pay an interim dividend (2021: Nil).

The Directors do not recommend the payment of a final dividend for the year ended 30 September 2022 (2021: Nil).

## 11. GOODWILL

	<b>Canada</b> <b>Business CGU</b> <i>HK\$'000</i> <i>(note a)</i>	<b>Wealth Link</b> <b>Business CGU</b> <i>HK\$'000</i> <i>(note 16)</i>	<b>APEC</b> <b>Business CGU</b> <i>HK\$'000</i> <i>(note b)</i>	<b>Total</b> <i>HK\$'000</i>
Reconciliation of carrying amount				
– year ended 30 September 2021				
At the beginning of the reporting period	5,066	7,907	–	12,973
Impairment loss	(1,505)	(6,044)	–	(7,549)
Reclassified as assets held for sale <i>(note 16)</i>	–	(1,863)	–	(1,863)
	<u>3,561</u>	<u>–</u>	<u>–</u>	<u>3,561</u>
<b>Reconciliation of carrying amount</b>				
– year ended 30 September 2022				
At the beginning of the reporting period	<b>3,561</b>	–	–	<b>3,561</b>
Additions – acquisition of subsidiaries <i>(note 23)</i>	–	–	<b>42,460</b>	<b>42,460</b>
Impairment loss	<b>(2,350)</b>	–	–	<b>(2,350)</b>
	<u><b>1,211</b></u>	<u>–</u>	<u><b>42,460</b></u>	<u><b>43,671</b></u>
At 30 September 2021				
Cost	23,966	–	–	23,966
Accumulated impairment loss	(20,405)	–	–	(20,405)
	<u>3,561</u>	<u>–</u>	<u>–</u>	<u>3,561</u>
At 30 September 2022				
Cost	<b>23,966</b>	–	<b>42,460</b>	<b>66,426</b>
Accumulated impairment loss	<b>(22,755)</b>	–	–	<b>(22,755)</b>
	<u><b>1,211</b></u>	<u>–</u>	<u><b>42,460</b></u>	<u><b>43,671</b></u>

Note:

**(a) Canada Business CGU**

In April 2018, the Group acquired 100% equity interests in Baron Global Financial Canada Ltd. (“**Baron Canada**”) at a consideration of approximately CAD6,150,000 (equivalent to approximately HK\$36,900,000). 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 2022, 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 in respect of non-licensed business segment of HK\$2,350,000 (2021: HK\$1,505,000) was made for the current reporting period.

The recoverable amounts of the Canada Business CGU amounted to approximately HK\$5,300,000 (2021: HK\$10,900,000) are determined on fair value less costs of disposal.

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

	<b>2022</b>	2021
Control premium*	<b>25%</b>	25%
Discount of lack of marketability <sup>#</sup>	<b>16%</b>	16%
Price-to-sales multiples <sup>^</sup>	<b>1.63</b>	2.68
Price-to-book-value multiples <sup>^</sup>	<b>2.54</b>	4.54
Price-to-cashflow multiples <sup>^</sup>	<b>7.03</b>	8.97

\* 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.

<sup>#</sup> 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 40 years period; the level of value is presented on freely traded and non-controlling basis.

<sup>^</sup> 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 during the years ended 30 September 2022 and 2021.

**(b) APEC Business CGU**

In November 2021, the Group acquired 100% equity interests in APEC GROUP INTERNATIONAL LIMITED (“APEGIL”) at a consideration of approximately HK\$46,957,000. APEGIL and its subsidiaries (together the “APEC Group”) are engaged in the provision of provision of accounting and taxation services, business consulting services, corporate secretarial services, ESG advisory services, human resources services, and risk management and internal control advisory services in Hong Kong (the “APEC Business CGU”). The excess of the consideration transferred and non-controlling interests over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK\$42,460,000 and was recognised as a goodwill.

At 30 September 2022, the Group assessed the recoverable amount of the APEC Business CGU with reference to a business valuation of APEC Group based on the value in use calculations.

The value in use calculations used discounted future cash flow model based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 15.1%. Cash flows beyond five-year period is extrapolated using a steady growth rate of 2.5%. Cash flow projection for the APEC Business CGU is based on the expected terminal growth rate, gross margin and sales growth rate during the budget period, which were determined based on past performance of the APEC Group and the management’s expectations for the market development.

Because of the expansion of customer base, the management of the Group considers that no impairment loss on goodwill of APEC Business CGU with reference to the value in use calculation based on the valuation report issued by an independent professional valuer.

**Sensitivity of key assumptions**

The management considered that a reasonably possible change in the key assumptions and inputs on the APEC Business CGU would not cause the aggregate carrying amount of APEC Business CGU to exceed its aggregate recoverable amount at the end of the reporting period.

**(c) Other information on fair value measurement**

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

<u>Fair value hierarchy</u>	<u>Valuation technique</u>	
	2022	2021
<i>Canada Business CGU</i>		
Level 3	<b>Market-based approach</b>	Market-based approach
<i>APEC Business CGU</i>		
Level 3	<b>Income approach – Discounted cash flow</b>	N/A

## 12. RIGHT-OF-USE ASSETS

The movements of right-of-use assets within HKFRS 16 during the year ended 30 September 2022 are set out below:

	<b>Office premises</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Reconciliation of carrying amount – year ended 30 September 2021			
At the beginning of the reporting period	7,748	–	7,748
Lease modification	5,241	–	5,241
Depreciation	(6,648)	–	(6,648)
Reclassified as assets held for sale ( <i>note 16</i> )	(203)	–	(203)
	<u>6,138</u>	<u>–</u>	<u>6,138</u>
<b>Reconciliation of carrying amount – year ended 30 September 2022</b>			
At the beginning of the reporting period	<b>6,138</b>	–	<b>6,138</b>
Additions	<b>8,798</b>	<b>1,257</b>	<b>10,055</b>
Additions – acquisition of subsidiaries ( <i>note 23</i> )	<b>1,903</b>	–	<b>1,903</b>
Depreciation	<b>(5,830)</b>	<b>(136)</b>	<b>(5,966)</b>
	<u><b>11,009</b></u>	<u><b>1,121</b></u>	<u><b>12,130</b></u>
At 30 September 2021			
Cost	19,085	–	19,085
Accumulated depreciation	(12,947)	–	(12,947)
	<u>6,138</u>	<u>–</u>	<u>6,138</u>
<b>At 30 September 2022</b>			
Cost	<b>14,792</b>	<b>1,257</b>	<b>16,049</b>
Accumulated depreciation	<b>(3,783)</b>	<b>(136)</b>	<b>(3,919)</b>
	<u><b>11,009</b></u>	<u><b>1,121</b></u>	<u><b>12,130</b></u>

At the end of the reporting period, the Group leased office premises and motor vehicles in Hong Kong and Canada for its daily operations for a term ranging from 3 to 10 years with fixed lease payments (2021: 2.2 to 10 years).

The Group has recognised the following amounts for the year:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Lease payments:</b>		
<b><u>Continuing operation</u></b>		
Low-value assets	–	19
Short-term leases expenses	<u>976</u>	<u>89</u>
	<u>976</u>	<u>108</u>
<b><u>Discontinued operation</u></b>		
Low-value assets	–	16
Expenses recognised in profit or loss	<u>976</u>	<u>124</u>
<b>Lease payments on lease liabilities</b>	<u><b>6,689</b></u>	<u>7,298</u>
Total cash outflow for leases	<u><b>7,665</b></u>	<u>7,422</u>
<b>Commitments under operating leases</b>		

As at 30 September 2022, the Group was committed to HK\$36,000 for short-term leases (2021: HK\$94,000).

### 13. DESIGNATED FVOCI

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity securities listed overseas	732	2,265
Equity securities unlisted overseas	<u>–</u>	<u>300</u>
	<u><b>732</b></u>	<u>2,565</u>

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Equity securities – listed</b>		
Friday’s Dog Holdings	<b>102</b>	400
Cognetivity Neurosciences Ltd.	<b>227</b>	253
Hapbee Technologies Inc.	<b>90</b>	384
Helius Medical Technologies, Inc.	–	220
Kiaro Brands Inc.	<b>5</b>	135
Trillium Gold Mines Inc.	<b>101</b>	309
Providence Gold Mines Inc.	<b>48</b>	90
Vext Science Inc.	<b>159</b>	474
	<u><b>732</b></u>	<u>2,265</u>
<b>Equity securities – unlisted</b>		
Friday’s Dog Inc. (amalgamated with Friday’s Dog Holdings on 25 February 2022)	–	300
	–	300
	<u><b>732</b></u>	<u>2,565</u>

During the year ended 30 September 2022, Designated FVOCI at a carrying amount of HK\$35,000 (2021: HK\$1,139,000) were disposed of because they no longer matched with the Group’s investment strategy. The cumulative gain of HK\$16,000 (2021: HK\$257,000) that was previously included in the investments revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 30 September 2022.

During the year ended 30 September 2022, the fair value loss on Designated FVOCI of HK\$1,893,000 (2021: fair value gain of HK\$211,000) was recognised in other comprehensive income.

#### 14. FINANCIAL ASSETS AT FVPL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Derivatives – unlisted options issued by companies listed overseas	334	1,061
Equity securities listed in Hong Kong	3,217	–
Payment for life insurance policy ( <i>note</i> )	1,366	–
	<u>4,917</u>	<u>1,061</u>
<b>Analysed as:</b>		
Current	3,551	1,061
Non-current	1,366	–
	<u>4,917</u>	<u>1,061</u>

*Note:*

The life insurance policy was entered into by a subsidiary of the Company with an insurance company to insure a director of the subsidiary. Under this policy, the subsidiary is the beneficiary and policy holder and the total insured sum is US\$700,000 (equivalent to approximately HK\$5,446,000). The Group paid a single premium of US\$198,824 (equivalent to approximately HK\$1,547,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy (“**Account Value**”) at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 14th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest at 3.90% per annum for the 1st to 5th policy year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.25% per annum) during the effective period of the policy.

As represented by the director of the subsidiary, the Group will not terminate the policy nor withdraw cash prior to the 14th policy year for the policy and the expected life of the policy remained unchanged from the initial recognition. The balance of the payment for life insurance policy is denominated in US\$, being a currency other than the functional currency of the relevant subsidiary.

The fair value of the payment for life insurance policy is determined by reference to the surrender cash value of the life insurance policy reported by the financial institution at the end of the reporting period, together with the guaranteed interest as mentioned above.

## 15. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade receivables</b>			
Trade receivables	<i>(a)</i>	<b>16,683</b>	3,835
<i>Less: Loss allowance</i>	<i>(b)</i>	<b>(808)</b>	(2,120)
		<u><b>15,875</b></u>	<u>1,715</u>
Contract assets	<i>(c)</i>	<b>117</b>	–
<i>Less: Loss allowance</i>	<i>(b)</i>	<u>–</u>	<u>–</u>
		<u><b>117</b></u>	<u>–</u>
<b>Other receivables</b>			
Prepayment		<b>1,275</b>	205
Deposits		<b>3,170</b>	1,684
Other receivables		<b>84</b>	239
		<u><b>4,529</b></u>	<u>2,128</u>
		<u><b>20,521</b></u>	<u>3,843</u>

*Note:*

- (a) Generally, there is no credit term granted to customers, the settlement terms of trade receivables are due on receipt. Except for trade receivables arising from the business of corporate finance advisory services with settlement terms determined in accordance with the contract terms, usually within 1 month to 3 months after billing.
- (b) Loss allowance on trade receivables of approximately HK\$808,000 (2021: HK\$2,120,000) was recognised at the end of the reporting period.

- (c) The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets from contracts with customers within HKFRS 15 during the year are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the reporting period	—	—
Recognition of revenue	<u>117</u>	<u>—</u>
At the end of the reporting period	<u><u>117</u></u>	<u><u>—</u></u>

The trade and other receivables are expected to be recovered within one year, except for the deposits of HK\$96,000 (2021: HK\$96,000), which are expected to be recovered after more than one year.

The ageing analysis of trade receivables (net of loss allowance) by invoice date is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	7,736	1,016
31 to 60 days	1,862	245
61 to 90 days	476	95
Over 90 days	<u>5,801</u>	<u>359</u>
	<u><u>15,875</u></u>	<u><u>1,715</u></u>

The ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Not yet due	<u>2,763</u>	<u>1,206</u>
Within 30 days overdue	5,941	150
31 to 60 days overdue	1,448	—
61 to 90 days overdue	399	160
Over 90 days overdue	<u>5,324</u>	<u>199</u>
	<u><u>13,112</u></u>	<u><u>509</u></u>
	<u><u>15,875</u></u>	<u><u>1,715</u></u>

## 16. DISCONTINUED OPERATIONS

In April 2020, the Group acquired 100% equity interests in Wealth Link Securities Limited (“**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.

During the year ended 30 September 2021, following the management’s intention to dispose 85% of its equity interests at a consideration of HK\$14,000,000 (the “**Disposal**”) to a buyer, an indicator on goodwill impairment was noted as 85% of the net asset value (including goodwill), relating to the acquisition of Wealth Link Securities in 2020, is higher than the consideration. Accordingly, an impairment loss in respect of Wealth Link Business CGU of HK\$6,044,000 was recognised. The recoverable amounts of the Wealth Link Business CGU amounted to approximately HK\$15,400,000 are determined on fair value less costs of disposal. The goodwill was subsequently classified under assets held for sale upon the signing of disposal agreement. Details of the Disposal have been disclosed in the Company’s announcement dated 13 September 2021. The Disposal would cause the Group’s entire brokerage and margin financing business and partial of corporate finance business to be discontinued since then.

During the years ended 30 September 2021 and 2022, the Group has received aggregate refundable deposits of HK\$3,500,000. Subject to the completion of certain conditions specified in the sale and purchase agreement which are beyond the Group’s control, the Disposal was not yet completed up to the date of this announcement. On 12 December 2022, the Securities and Futures Commission has approved the change in substantial shareholder of Wealth Link Securities and the management expected the transaction will be completed by 31 December 2022.

As at 30 September 2022, the recoverable amount of the Wealth Link Business CGU amounted to approximately HK\$10,400,000 are determined with reference to a business valuation under market-based approach. An indicator on goodwill and other assets was noted as the 85% of the net asset value (including goodwill) of Wealth Link Securities is higher than the recoverable amount. Accordingly, total impairment loss of HK\$2,556,000 was recognised during the year ended 30 September 2022.

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

	<b>2022</b>	2021
Control premium*	<b>25%</b>	25%
Discount of lack of marketability#	<b>16%</b>	16%
Price-to-sales multiples^	<b>4.11</b>	3.67
Price-to-book-value multiples^	<b>0.72</b>	1.09

\* 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 40 years period; the level of value is presented on freely traded and non-controlling basis.

<sup>^</sup> The multiples were estimated by the median of the multiples of the selected comparable companies whose principal business were comparable to that of Wealth Link Securities.

### Sensitivity of key assumptions

The management considered that a reasonably possible change in the key assumptions and inputs on the Wealth Link Business CGU would not cause significant additional impairment loss during the years ended 30 September 2022 and 2021.

### Other information on fair value measurement

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

Fair value hierarchy	Valuation technique	
	2022	2021
<i>Wealth Link Business CGU</i>		
Level 3	Market-based approach	Market-based approach

The results of Wealth Link Securities for the year ended 30 September 2022 and 2021 are analysed as follows:

	Note	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	4	805	6,294
Other income, net	5	202	203
Provision for impairment loss in respect of goodwill		(1,863)	(6,044)
Provision for impairment loss in respect of intangible assets		(230)	–
Provision for impairment loss in respect of plant and equipment		(53)	–
Provision for impairment loss in respect of right-of-use assets		(410)	–
Administrative expenses and other operating expenses		(3,439)	(6,027)
Finance costs	6	(11)	(11)
<b>Loss before tax</b>	7	(4,999)	(5,585)
Income tax credit		–	–
<b>Loss for the year</b>		(4,999)	(5,585)

In the opinion of the Directors, there is sufficient evidence that the Group remains committed to its plan to sell Wealth Link Securities. Accordingly, the major assets of Wealth Link Securities were continued to be classified as assets held for sale in accordance with HKFRS 5 as at 30 September 2022.

The major classes of assets and liabilities of Wealth Link Securities held for sale measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Goodwill	–	1,863
Intangible assets	<b>270</b>	500
Plant and equipment	<b>62</b>	115
Right-of-use assets	<b>480</b>	203
Other deposits	<b>205</b>	205
Trade receivables arising from the business of securities brokerage		
– Cash clients	<b>2,632</b>	2,267
– Margin clients	<b>69</b>	1,941
Other receivables	<b>203</b>	178
Bank balances – client accounts	<b>36,379</b>	13,678
Bank balances – general accounts and cash	<b>8,769</b>	9,654
<b>Total assets classified as held for sale</b>	<b>49,069</b>	30,604
Trade payables arising from the business of dealing in securities	<b>37,927</b>	14,745
Other payables	<b>194</b>	255
Lease liabilities	<b>548</b>	205
<b>Total liabilities associated with assets classified as held for sale</b>	<b>38,669</b>	15,205

The cash flow information of Wealth Link Securities is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net cash flow (used in) from operating activities	<b>(875)</b>	1,676
Net cash flow from investing activities	<b>345</b>	690
Net cash flow used in financing activities	<b>(355)</b>	(1,556)
Net (decrease) increase in cash and cash equivalents	<b>(885)</b>	810

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

	<b>2022</b> <i>HK Cents</i>	2021 <i>HK Cents</i>
<b>Loss per share for Wealth Link Securities</b>		
Basic and diluted	<b>(0.75)</b>	(1.07)

The basic and diluted loss per share for Wealth Link Securities are calculated by dividing the loss for the year of Wealth Link Securities by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. The denominators used are the same as those detailed in note 9 to the consolidated financial statements.

## 17. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Trade payables</b>			
Trade payables arising from client accounts under the business of corporate finance advisory services	<i>(a)</i>	<u>101,502</u>	—
<b>Other payables</b>			
Accrual and other payables		6,473	4,647
Contract liabilities	<i>(b)</i>	<u>—</u>	<u>367</u>
		<u>6,473</u>	<u>5,014</u>
		<u>107,975</u>	<u>5,014</u>
<b>Analysed as:</b>			
Current		107,675	5,014
Non-current		<u>300</u>	—
		<u>107,975</u>	<u>5,014</u>

*Note:*

- (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 movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
At the beginning of the reporting period	367	—
Recognised as revenue	(367)	—
Receipt of advances or recognition of receivables	<u>—</u>	<u>367</u>
At the end of the reporting period	<u>—</u>	<u>367</u>

At 30 September 2022 and 2021, none of the contract liabilities are expected to be settled after 12 months.

## 18. INTEREST-BEARING BORROWINGS

At the end of the reporting period, the details of the bank borrowings of the Group are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured bank borrowings repayable on demand	<u><b>25,923</b></u>	<u>—</u>

Bank borrowings as at 30 September 2022 carried interest at variable market rates benchmarking to the interest rates of 2.25% below HSBC Prime Rate or 2.5% below DBS Prime Rate.

The effective interest rates on the Group's bank borrowings during the years ended 30 September 2022 and 2021 were as follows:

	<b>2022</b> <b>Per annum</b>	2021 Per annum
Effective interest rate: Variable rate	<u><b>2.75% to 3.13%</b></u>	<u>—</u>

As at 30 September 2022, bank borrowings with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the Directors do not expect that the banks would exercise their right to demand repayment.

The maturity terms of the bank borrowings based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	<b>1,578</b>	—
In the second year	<b>3,343</b>	—
In the third to fifth years inclusive	<b>10,627</b>	—
Over fifth years	<u><b>10,375</b></u>	<u>—</u>
	<u><b>25,923</b></u>	<u>—</u>

## 19. LOAN PAYABLES

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Government loan	<i>(a)</i>	—	360
		<u>          </u>	<u>          </u>
<b>Current liabilities</b>			
Government loan	<i>(a)</i>	360	—
Loans from a director	<i>(b)</i>	—	2,000
		<u>          </u>	<u>          </u>
		<b>360</b>	2,000
		<u>          </u>	<u>          </u>

*Note:*

- (a) In 2020, Baron Canada obtained a government loan of CAD40,000 (equivalent to approximately HK\$240,000) from Canadian Government due to COVID-19 pandemic. In 2021, an addition government loan of CAD20,000 (equivalent to approximately HK\$120,000) was obtained from Canadian Government. The amounts were unsecured, interest-free and repayable on 31 December 2022.
- (b) The amount was unsecured, interest-free and repayable on demand.

## 20. CONVERTIBLE NOTE

The convertible note recognised at the end of the reporting period are calculated as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Liability component</b>		
At 1 October	–	–
Fair value of liabilities component at date of issue	27,572	–
Interest expenses	1,173	–
Conversion of convertible note	<u>(23,302)</u>	–
At 30 September	5,443	–
Portion classified as non-current	<u>(5,443)</u>	–
Current portion	<u>–</u>	<u>–</u>
<b>Equity component</b>		
At 1 October	–	–
Fair value of convertible bonds at date of issue	38,907	–
Fair value of liabilities component at date of issue	<u>(27,572)</u>	–
Equity component at the issue date	11,335	–
Conversion of convertible note	<u>(9,446)</u>	–
At 30 September	<u>1,889</u>	<u>–</u>

On 1 November 2021, the Company issued a convertible note with nominal value of HK\$30,000,000, carrying interest rate of 5% per annum, to an independent third party (the “Vendor” or “Noteholder”) as partial consideration of the acquisition of 100% equity interest in APECGIL (*note 23*). The convertible note will be matured on the second anniversary from the date of issue.

The Noteholder may convert the whole or part of the convertible note into shares at conversion price of HK\$0.2, from the date of issue up to the maturity date. During the year ended 30 September 2022, convertible note with nominal value of HK\$25,000,000 were converted into shares of the Company.

The fair values of the liability component and the equity conversion component were determined at issuance of the convertible notes. The fair value of the liability component was calculated using a effective interest rate of 9.43%. The residual amount, representing the value of the equity conversion component, has been included in the convertible note reserve.

## 21. SHARE CAPITAL

	2022		2021	
	No. of shares	HK\$'000	No. of shares	HK\$'000
<b>Authorised</b>				
At the beginning and <b>the end of the reporting period</b> (at par value of HK\$0.01 per share)	<b>2,000,000,000</b>	<b>20,000</b>	2,000,000,000	20,000
<b>Issued and fully apaid</b>				
At the beginning of the reporting period	<b>546,200,000</b>	<b>5,462</b>	513,200,000	5,132
Issue of consideration shares ( <i>note a</i> )	<b>50,000,000</b>	<b>500</b>	–	–
Conversion of convertible note ( <i>note b</i> )	<b>125,000,000</b>	<b>1,250</b>	–	–
Issue of new shares	–	–	33,000,000	330
<b>At the end of the reporting period</b> (at par value of HK\$0.01 per share)	<b>721,200,000</b>	<b>7,212</b>	546,200,000	5,462

*Note:*

- (a) On 1 November 2021, 50,000,000 ordinary shares of the Company were issued at a price of HK\$0.16 per share, totalling HK\$8,050,000 to a third party for the acquisition of 100% equity interest in APECGIL.
- (b) During the year, the Noteholder converted the convertible note with nominal value of HK\$25,000,000 to 125,000,000 ordinary shares of the Company at the conversion price of HK\$0.2 per share. Details of which are set out in note 20 to the consolidated financial statements.

These shares issued rank *pari passu* with all existing shares in all respects.

## 22. RESERVES

The reserves of the Group comprise the following:

### (a) Share premium

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.

### (b) Capital reserve

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 the Listing.

### (c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

**(d) Investment revaluation reserve (non-recycling)**

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.

**(e) Convertible note reserve**

Convertible note reserve represents the equity component of the convertible note issued by the Company.

**23. ACQUISITION OF SUBSIDIARIES**

On 1 November 2021, the Group acquired the 100% equity interests of APEGIL from the Vendor at a consideration of HK\$40,000,000, of which HK\$10,000,000 was settled by the issue and allotment of 50,000,000 consideration shares and the remaining HK\$30,000,000 was settled by way of the issue of 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. APEC Group is engaged in the provision of accounting and taxation services, business consulting services, corporate secretarial services, ESG advisory services, human resources services and risk management and internal control advisory services in Hong Kong.

The following summarises the consideration transferred and the amounts of the assets acquired and liabilities assumed of APEC Group at the date of acquisition:

HK\$'000

**Consideration:**

Consideration shares	8,050
Convertible note	38,907
Less: Contingent consideration receivable ( <i>note</i> )	—

**Total consideration transferred at fair value**

46,957

HK\$'000

**Recognised amounts of identifiable assets acquired and liabilities assumed:**

Intangible assets	6,220
Plant and equipment	1,372
Right-of-use assets	1,903
Deferred tax assets	167
Financial assets at FVPL	1,340
Trade and other receivables	11,441
Bank balances and cash	14,784
Accruals and other payables	(2,731)
Bank borrowings	(26,734)
Lease liabilities	(1,870)
Income tax payable	(763)
Deferred tax liabilities	(1,057)
Provision for reinstatement cost	(150)
	<hr/>
<b>Total identifiable net assets</b>	3,922
<b>Non-controlling interest (deficit)</b>	575
<b>Goodwill arising on acquisition (note 11)</b>	42,460
	<hr/>
	46,957
	<hr/> <hr/>

HK\$'000

**Net cash flow on acquisition of subsidiary:**

Net cash acquired from the subsidiary	14,784
	<hr/> <hr/>

*Note:* The fair value of contingent consideration receivable in relation to the acquisition of APEC Group was nil.

Pursuant to the sale and purchase agreement dated 11 June 2021, the Vendor guarantees to the Company that if the consolidated net profit of APEC Group's management accounts for one year period commencing on the completion date (the "1<sup>st</sup> Profit Guarantee Period") and for one year period commencing on the day immediately following the last day of the 1<sup>st</sup> Profit Guarantee Period (the "2<sup>nd</sup> Profit Guarantee Period"), is less than HK\$5,000,000 (the "Guaranteed Profit") in each of the profit guarantee periods, the Vendor will compensate the Group for the shortfall for an amount equivalent to the shortfall multiplied by 8 times.

The fair value was arrived at based on discounted cashflow of APEC Group's forecast financial budgets used to capture the present value of the expected future economic benefits that will flow into APEC Group by applying probability-weighted average of achieving the required benchmark, using discount rate of 13%.

The contingent consideration receivable is measured at fair value on initial recognition. The fair value of the contingent consideration receivable is based on the valuation performed by ValQuest Advisory (Hong Kong) Limited, an independent professional valuer in accordance with HKFRS 13 “*Fair Value Measurement*”, using multiple-scenario model, which is reviewed and approved by the Directors.

As the Guaranteed Profit relating to the acquisition of APEC Group covers a period of more than one year, there are more interactions to be assessed for the results. Multiple-scenario model is therefore adopted as the simulation produces distribution of possible outcome values. By assuming probability distributions, variables can have different probabilities of different outcomes occurring. Probability distributions are a much more realistic way of describing uncertainty in variables of the result.

A decrease in the probability of fulfillment of Guaranteed Profit would result in an increase in the fair value measurement of contingent consideration receivable and a decrease in discount rate would result in an increase in the fair value measurement of contingent consideration receivable, and vice versa.

The variables and assumptions used in computing the fair value of the contingent consideration receivable are based on the management’s best estimates. The value of the contingent consideration receivable varies with different variables of certain subjective assumptions.

The transaction costs of HK\$40,000 have been excluded from the consideration transferred and included in administrative expenses and other operating expenses in the consolidated statement of comprehensive income.

The goodwill arising from the acquisition is attributable to the synergies and economies of scale expected to arise from the business combinations. It also includes certain intangible assets that cannot be separately recognised due to their nature. Assets included in this balance consist of assembled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

In respect of the acquisition, the fair value of trade and other receivables acquired is approximately HK\$11,441,000. The gross contractual amount of trade and other receivables is approximately HK\$11,718,000 of which HK\$277,000 is expected to be uncollectible.

Since acquisition, the acquired business has contributed approximately HK\$48,933,000 and HK\$8,496,000 to the revenue and results of the Group respectively.

If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and loss for the Group would have been increased by HK\$2,391,000 and HK\$327,000 respectively.

In the opinion of the Directors, there is no significant change in the fair value of contingent consideration receivable as at 30 September 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in (i) licensed business on the provision of 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 the provision of 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 (“ <b>VBG Capital</b> ”)	A licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “ <b>SFO</b> ”) 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	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 year ended 30 September 2022 (the "Year"), corporate finance advisory business accounted for approximately 15.2% 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 0.4% of its total revenue during the Year, respectively.

### ***Non-Licensed Business***

The Group's Non-Licensed Businesses and operations in respect of the provision of business consulting services, 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 its wholly-owned subsidiaries in Hong Kong, APEC GROUP INTERNATIONAL LIMITED ("APEGIL") and VBG Asia Limited ("VBG Asia"); and its wholly-owned subsidiary in Canada, Baron Global Financial Canada Ltd. During the Year, business consulting services accounted for approximately 44.4% of the Group's total revenue. The Group's other Non-Licensed Business, namely, (i) accounting and taxation services, (ii) corporate secretarial services, (iii) ESG advisory services, (iv) human resources services and (v) risk management and internal control advisory services, accounted for approximately 16.6%, 4.6%, 9.6%, 1.4% and 4.6% of its total revenue during the Year, respectively.

## **(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 1.1% of its total revenue during the Year. On 13 September 2021, the Company as seller entered into an agreement for the disposal of 85% equity interest in Wealth Link Securities. The Directors expected that the Disposal will be completed by 31 December 2022.

## **Update on disposal of 85% equity interest in Wealth Link Securities Limited**

Reference is made to the sub-section headed “**Disposal of 85% equity interest in Wealth Link Securities Limited (“Wealth Link Securities”)**” under the section headed “**Management Discussion and Analysis**” in the annual report of the Company for the year ended 30 September 2021. The Directors would like to provide an update on the transaction that as the Securities and Futures Commission has approved the change in substantial shareholders of Wealth Link Securities on 12 December 2022, the Directors expected that the Disposal will be completed by 31 December 2022.

## **Subscription of shares of Cornerstone Technologies Holdings Limited (“Cornerstone Technologies”)**

On 29 November 2021, the Company as subscriber entered into the subscription agreement with Cornerstone Technologies (a company listed on the Stock Exchange, stock code: 8391) as issuer, pursuant to which the Company has conditionally agreed to subscribe for, and Cornerstone Technologies has conditionally agreed to issue and allot, an aggregate of 8,000,000 new shares at the subscription price of HK\$0.62 per share to the Company (the “**Share Subscription**”). Completion of the Share Subscription took place on 6 December 2021.

## **Memorandum of understanding with Sky Meta Limited (the “MOU”)**

On 14 February 2022, the Company entered into the MOU with Sky Meta Limited (“**Sky Meta**”), a company incorporated in the British Virgin Islands which is intended to be engaged in the operation of a NFT gaming guild, guild management platform, early stage GameFi token/NFT investment and GameFi NFT asset management. Pursuant to the MOU, the Company and Sky Meta intend to collaborate jointly in respect of (i) setting up a fund or other form of collaboration for the purpose of crypto asset management; and (ii) provision of NFT-asset related consulting services to the Company. The MOU shall be valid for a period of 5 year from 14 February 2022. Details of the MOU were disclosed in the announcement of the Company dated 14 February 2022.

## **Acquisition of the entire issued shares of Earning Joy Development Limited (“Earning Joy”)**

On 13 June 2022, the Company as purchaser entered into an agreement with Liang Zihao and Tse Chi Ming as vendors, independent third parties to the Group, to acquire the entire equity interest of Earning Joy at a consideration of HK\$38,000,000 to be paid and settled by the issuance of promissory notes by the Company. The promissory notes shall bear simple interest at the rate of 2.0% per annum payable annually in arrears for the period of two years. Earning Joy together with its subsidiaries are principally engage in the provision of accounting, taxation and business consultancy services in the PRC. Completion of the acquisition of Earning Joy took place on 1 November 2022. Immediately after completion, Earning Joy becomes a wholly-owned subsidiary of the Company and the financial results, assets and liabilities of Earning Joy will be consolidated into the accounts of the Group. The Directors are of the view that the acquisition of Earning Joy shall create synergy with our current business and enhance our strategy of becoming an integrated one-stop financial services provider.

### **Strategic cooperation agreement with Grand Tai Financial Holdings Limited (the “Cooperation Agreement I”)**

On 25 July 2022, APEGIL entered into the Cooperation Agreement I with Grand Tai Financial Holdings Limited (“GTFHL”). According to the Cooperation Agreement I, each of APEGIL and GTFHL intends to explore opportunities for business collaboration in areas, including but not limited to, corporate finance advisory services, placing and underwriting services, business consultancy services, company secretarial services, accounting and taxation services, risk management and internal control advisory services. The Cooperation Agreement I shall be valid for two years from 25 July 2022. Details of the Cooperation Agreement I were disclosed in the announcement of the Company dated 25 July 2022.

### **Strategic cooperation agreement with K-noon Consulting Company Limited (the “Cooperation Agreement II”)**

On 10 August 2022, VBG Asia, a wholly-owned subsidiary of the Company, entered into the Cooperation Agreement II with K-noon Consulting Company Limited (“K-noon Consulting”). According to the Cooperation Agreement II, each of VBG Asia and K-noon Consulting intends to explore opportunities for business collaboration in areas, including but not limited to, corporate finance advisory services, placing and underwriting services, business consultancy services, company secretarial services, accounting and taxation services, risk management and internal control advisory services. The Cooperation Agreement II shall be valid for two years from 10 August 2022. Details of the Cooperation Agreement II were disclosed in the announcement of the Company dated 10 August 2022.

## **FINANCIAL REVIEW (CONTINUING AND DISCONTINUED OPERATIONS)**

### **Revenue**

The Group’s revenue was derived from two principal businesses, namely, Licensed Business and Non-Licensed Business which are set out in note 4 to the consolidated financial statements.

For the Year, the Group recorded an increase in total revenue by approximately 96.2% to approximately HK\$73.0 million (2021: approximately HK\$37.2 million). The increase in revenue was mainly due to increase in revenue generated from business consulting services and accounting and taxation services under Non-Licensed Business.

Details of changes in the revenue derived from Licensed Business and Non-Licensed Business are analysed below.

### ***Licensed Business***

The revenue from Licensed Business decreased by approximately HK\$15.9 million or 53.7% to approximately HK\$13.7 million for the Year (2021: approximately HK\$29.6 million). The decrease in revenue was mainly due to (i) a decrease in revenue from corporate finance advisory services of approximately HK\$6.5 million; and (ii) a decrease in revenue from placing and underwriting services of approximately HK\$9.1 million during the Year.

The decrease in revenue from corporate finance advisory services was primarily attributable to (i) a decrease in revenue generated from acting as sponsor of approximately HK\$4.3 million; and (ii) a decrease in revenue generated from acting as financial adviser and as independent financial adviser of approximately HK\$2.2 million for the Year.

The decrease in revenue from placing and underwriting services was primarily attributable to a decrease in the size of placing and underwriting engagements handled by the Group in terms of transaction value from approximately HK\$267.4 million for the year ended 30 September 2021 to approximately HK\$39.3 million for the Year.

### ***Non-Licensed Business***

The revenue from Non-Licensed Business increased by approximately HK\$51.6 million or 6.7 times to approximately HK\$59.3 million for the Year (2021: approximately HK\$7.7 million). Such increase was mainly due to an increase in revenue generated from business consulting services, accounting and taxation services, and ESG advisory services as a result of the revenue contribution from APECGIL following its acquisition by the Company during the Year.

### **Other income, net**

The Group's other income mainly represented government subsidies in relation to the COVID-19 pandemic, net unrealised loss/gain on financial assets at FVPL and gain on disposal of financial assets at FVPL. The other income decreased by approximately 65.2%, from approximately HK\$2.4 million for the year ended 30 September 2021 to approximately HK\$849,000 for the Year, mainly resulting from the recognition of a net unrealised loss on financial assets at FVPL of approximately HK\$1.1 million during the Year, as compared with a net unrealised gain of approximately HK\$479,000 recognised for the year ended 30 September 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\$19.3 million, or approximately 35.7%, from approximately HK\$54.0 million for the year ended 30 September 2021 to approximately HK\$73.3 million for the Year. Such increase was mainly attributable to an increase in staff costs due to the acquisition of APECGIL by the Company during the Year.

### **Finance costs**

The Group's finance costs increased to approximately HK\$2.5 million for the Year from approximately HK\$727,000 for the year ended 30 September 2021, mainly resulting from the interest expenses incurred on the convertible note and the bank borrowings due to the acquisition of APECGIL by the Company during the Year.

### **Income tax expense**

The Group's income tax expenses amounted to approximately HK\$750,000 for the Year, as compared to an income tax credit of approximately HK\$2.2 million for the year ended 30 September 2021, mainly resulting from an increase in provision for profits tax arising from profits generated by certain subsidiaries for the Year.

### **Loss for the year**

As a result of foregoing, the Group recorded a loss of approximately HK\$8.2 million for the Year as compared to a loss of approximately HK\$20.1 million for the year ended 30 September 2021.

### **Net loss margin**

For the Year, the Group's net loss margin ratio was approximately 11.2% (2021: approximately 54.0%).

## **LIQUIDITY AND CAPITAL RESOURCES**

During the Year, the Group's working capital and other capital needs were principally financed by internal resources and interest-bearing bank borrowings.

The functional currency of the Group is Hong Kong dollars. As at 30 September 2022, approximately HK\$3.8 million of the Group's cash and cash equivalents was denominated in other currencies, principally Canadian dollars and United States dollars ("USD").

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 interest-bearing borrowings and government loan as disclosed in notes 18 and 19 to the consolidated financial statements respectively, the Group had neither banking facilities nor borrowings as at 30 September 2022 (2021: government loan and loans from a director of approximately HK\$2.4 million).

## **Charge on assets**

As at 30 September 2022, the Group's obligation under finance lease was secured by the lessor's title to the leased assets, which had a carrying value of approximately HK\$1.1 million (2021: nil).

## **Contingent liabilities**

The Group did not have any material contingent liabilities as at 30 September 2022 (2021: nil).

## **Current ratio**

As at 30 September 2022, the Group's current ratio was approximately 1.1 times (2021: approximately 1.9 times).

## **Gearing ratio**

The Group's gearing ratio, calculated by dividing total interest-bearing borrowings by equity of the Group, was approximately 64.0% as at 30 September 2022 (2021: approximately 17.5%).

## **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 FVPL 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, USD and RMB are insignificant. For the Year, 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**

With an expected better business environment in 2023 relative to 2022, the Group will continue to seek business opportunities for our Licensed Business and Non-Licensed Business. Apart from the acquisition of APEGIL and Earning Joy, 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.

## **Future plan for material investments or capital assets**

The Group did not have any future plans for material investments or capital assets as at 30 September 2022.

## **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

Save and except the transaction referred to in the sub-section headed "**Acquisition of the entire issued shares of Earning Joy Development Limited ("Earning Joy")**", the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures during the Year.

## **Significant investments held**

Save for the Hong Kong listed equity securities as disclosed in note 14 to the consolidated financial statements, the Group did not hold any significant investments as at 30 September 2022.

## **OTHER INFORMATION**

### **Profit guarantee in relation to the acquisition of the entire issued shares of APEGIL as stated in the announcement (the “Announcement”) of the Company dated 11 June 2021 and the circular (the “Circular”) of the Company dated 30 September 2021**

Reference is made to the Announcement and the Circular in respect of the Company’s acquisition of the entire issued shares of APEGIL. 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 APEGIL took place on 1 November 2021 (the “**Completion Date**”). As stated in the Announcement and the Circular, the Vendor guarantees to the Company that the consolidated net profit after tax of APEGIL for each of (i) the one (1) year period commencing on the Completion Date (the “**1<sup>st</sup> Profit Guarantee Period**”) and (ii) the one (1) year period commencing on the day immediately following the last day of the 1<sup>st</sup> Profit Guarantee Period (the “**2<sup>nd</sup> Profit Guarantee Period**”) as stated in APEGIL’s management accounts shall not be less than HK\$5,000,000. The performance of APEGIL was satisfactory and that based on APEGIL’s management accounts for the 1<sup>st</sup> Profit Guarantee Period, the guaranteed net profit has been fulfilled. The Company will disclose in its annual report for the year ending 30 September 2023 whether such guarantee in respect of the 2<sup>nd</sup> Profit Guarantee Period is satisfied.

### **Change of company name, stock short name and company website**

As disclosed in the announcement of the Company dated 16 November 2021, the name of the Company has been changed from “VBG International Holdings Limited” to “Hatcher Group Limited” and the change of the name of the Company in Chinese for identification purpose from “建泉國際控股有限公司” to “亦辰集團有限公司” has also become effective. The Company’s stock short name has been updated accordingly.

As disclosed in the announcement of the Company dated 24 June 2022, the website of the Company has been changed from “www.vbg-group.com” to “www.hatcher-group.com”.

## **Employees and remuneration policies**

As at 30 September 2022, the Group employed a total of 189 employees (2021: 32). For the Year, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK\$46.1 million (2021: approximately HK\$22.1 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, the revenue attributable to the Group's largest customer accounted for approximately 15.5% (2021: approximately 32.7%) of the Group's total revenue and the revenue attributable to the Group's top five largest customers accounted for approximately 29.4% (2021: approximately 51.6%) 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.

## **DIVIDEND**

The Board did not recommend the payment of a final dividend for the Year (2021: nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting (the "AGM") of the Company for the Year will be held at 21/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on Friday, 10 February 2023 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.hatcher-group.com](http://www.hatcher-group.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and despatched to the shareholders of the Company on or about 30 December 2022.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 7 February 2023 to Friday, 10 February 2023, 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 of the Company 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 6 February 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Year, (i) an aggregate of 50,000,000 new ordinary shares have been issued and allotted by the Company to LUCK ACHIEVE DEVELOPMENTS LIMITED at the issue price of HK\$0.20 per share to pay and settle the sum of HK\$10,000,000 being part of the consideration for the acquisition (the **"APEC Acquisition"**) of the entire issued shares of APEGIL (the remaining balance of the consideration of the APEC Acquisition in the sum of HK\$30,000,000 was paid and settled by the issue a 5% coupon 2-year convertible note (the **"Convertible Note"**) in the principal amount of HK\$30,000,000 by the Company) and (ii) an aggregate of 125,000,000 new ordinary shares have been issued and allotted by the Company at the issue price of HK\$0.20 per share pursuant to the exercise of the conversion rights attached to the Convertible Note in the principal amount of HK\$25,000,000. Details of the APEC Acquisition were disclosed in the announcement and circular of the Company dated 11 June 2021 and 30 September 2021 respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year 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 and up to the 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 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 annual results of the Group for the Year 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 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:**

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, 19 December 2022

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication and will be published on the Company’s website at [www.hatcher-group.com](http://www.hatcher-group.com).*