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## **HATCHER GROUP LIMITED**

### **亦辰集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8365)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Hatcher Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the six months ended 31 March 2023. This announcement, containing the full text of the interim report of the Company for the six months ended 31 March 2023 (the “**Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany the preliminary announcement of interim results. Printed version of the Interim Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.hatcher-group.com](http://www.hatcher-group.com) in due course.

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

Hong Kong, 15 May 2023

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to 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.*

*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).*

*\* for identification purpose only*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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*This report, 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 report 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 report misleading.*

*This report 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 seven 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).*

**FINANCIAL HIGHLIGHTS (UNAUDITED)**

- The Company and its subsidiaries (the “**Group**”) recorded a revenue of approximately HK\$39.6 million for the six months ended 31 March 2023, representing an increase of approximately 31.6% when compared with a revenue of approximately HK\$30.1 million for the six months ended 31 March 2022.
- The Group recorded a loss of approximately HK\$21.8 million for the six months ended 31 March 2023, compared with a loss of approximately HK\$4.4 million for the six months ended 31 March 2022. The increase in loss for the six months ended 31 March 2023 was mainly attributable to the combined effect of (i) an increase in revenue of approximately HK\$9.5 million; (ii) the recognition of a gain on disposal of discontinued operations of approximately HK\$5.6 million; and (iii) an increase in administrative expenses and other operating expenses of approximately HK\$37.8 million as compared with the six months ended 31 March 2022.
- The basic and diluted loss per share for the six months ended 31 March 2023 was approximately HK2.78 cents (2022: approximately HK0.72 cents).
- The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the six months ended 31 March 2023 (2022: nil).

## UNAUDITED CONDENSED CONSOLIDATED RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the three months and six months ended 31 March 2023, together with the unaudited comparative figures for the three months and six months ended 31 March 2022, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2023

	Note	Three months ended 31 March		Six months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Continuing operations</b>					
<b>Revenue</b>	4	<b>19,267</b>	16,729	<b>39,428</b>	29,603
Other income (loss), net	5	<b>913</b>	(233)	<b>4,597</b>	(22)
Allowance for expected credit loss on trade receivables		-	(440)	-	(440)
Administrative expenses and other operating expenses		<b>(25,670)</b>	(17,425)	<b>(69,351)</b>	(30,175)
Finance costs	6	<b>(360)</b>	(655)	<b>(862)</b>	(1,626)
Loss before tax from continuing operations	7	<b>(5,850)</b>	(2,024)	<b>(26,188)</b>	(2,660)
Income tax expense	8	<b>(604)</b>	(86)	<b>(604)</b>	(198)
<b>Loss for the period from continuing operations</b>		<b>(6,454)</b>	(2,110)	<b>(26,792)</b>	(2,858)
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	17	-	(862)	<b>(610)</b>	(1,578)
Gain on disposal of discontinued operations	17	-	-	<b>5,618</b>	-
<b>(Loss) Profit for the period from discontinued operations</b>		<b>-</b>	(862)	<b>5,008</b>	(1,578)
<b>Loss for the period</b>		<b>(6,454)</b>	(2,972)	<b>(21,784)</b>	(4,436)

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

For the six months ended 31 March 2023

	Note	Three months ended 31 March		Six months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Other comprehensive income (loss)</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Fair value gain (loss) on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")	13	115	598	(53)	1,820
<b>Other comprehensive income (loss) for the period</b>		115	598	(53)	1,820
<b>Total comprehensive loss for the period</b>		<u>(6,339)</u>	<u>(2,374)</u>	<u>(21,837)</u>	<u>(2,616)</u>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(6,250)	(2,799)	(21,464)	(4,345)
Non-controlling interests		(204)	(173)	(320)	(91)
		<u>(6,454)</u>	<u>(2,972)</u>	<u>(21,784)</u>	<u>(4,436)</u>
<b>Total comprehensive loss for the period attributable to:</b>					
Owners of the Company		(6,135)	(2,201)	(21,517)	(2,525)
Non-controlling interests		(204)	(173)	(320)	(91)
		<u>(6,339)</u>	<u>(2,374)</u>	<u>(21,837)</u>	<u>(2,616)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>From continuing and discontinued operations</b>					
<b>Loss per share</b>					
Basic and diluted	9	<u>(0.76)</u>	<u>(0.44)</u>	<u>(2.78)</u>	<u>(0.72)</u>
<b>From continuing operations</b>					
<b>Loss per share</b>					
Basic and diluted	9	<u>(0.76)</u>	<u>(0.31)</u>	<u>(3.43)</u>	<u>(0.46)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 March 2023

		At 31 March 2023 <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 September 2022 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Goodwill	10	<b>84,831</b>	43,671
Intangible assets	11	<b>3,971</b>	4,764
Plant and equipment	12	<b>11,170</b>	11,518
Right-of-use assets	12	<b>10,156</b>	12,130
Designated FVOCI	13	<b>954</b>	732
Financial assets at fair value through profit or loss (" <b>FVPL</b> ")	14	<b>1,439</b>	1,366
Deferred tax assets		<b>198</b>	167
		<b>112,719</b>	72,982
<b>Current assets</b>			
Financial assets at FVPL	14	<b>24,349</b>	3,551
Other investments	15	–	791
Trade and other receivables	16	<b>58,260</b>	20,521
Bank balances – client accounts		–	101,502
Bank balances – general accounts and cash		<b>24,838</b>	16,825
		<b>107,447</b>	143,190
Assets classified as held for sale	17	–	49,069
		<b>107,447</b>	192,259
<b>Current liabilities</b>			
Trade and other payables	18	<b>11,267</b>	107,675
Interest-bearing borrowings	19	<b>25,510</b>	25,923
Deposit received for disposal of a subsidiary		–	3,500
Loan payables	20	<b>360</b>	360
Lease liabilities	12	<b>1,964</b>	3,661
Income tax payables		<b>1,995</b>	1,627
		<b>41,096</b>	142,746
Liabilities associated with assets classified as held for sale	17	–	38,669
		<b>41,096</b>	181,415

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2023

		At 31 March 2023 <i>HK\$'000</i> (Unaudited)	At 30 September 2022 <i>HK\$'000</i> (Audited)
<b>Net current assets</b>		<b>66,351</b>	10,844
<b>Total assets less current liabilities</b>		<b>179,070</b>	85,192
<b>Non-current liabilities</b>			
Lease liabilities	12	8,670	8,835
Other payables	18	300	300
Convertible note	21	–	5,443
Deferred tax payables		<b>1,276</b>	1,275
		<b>10,246</b>	15,853
<b>NET ASSETS</b>		<b>168,824</b>	69,339
<b>Capital and reserves</b>			
Share capital	22	8,533	7,212
Reserves		<b>161,112</b>	62,628
Equity attributable to owners of the Company		<b>169,645</b>	69,840
Non-controlling interests		<b>(821)</b>	(501)
<b>TOTAL EQUITY</b>		<b>168,824</b>	69,339



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 31 March 2023

	Attributable to owners of the Company							Total equity HK\$'000		
	State capital HK\$'000	State premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Exchange reserve HK\$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK\$'000 (Note iv)	Convertible note HK\$'000 (Note v)	Accumulated losses HK\$'000		Total HK\$'000	Non-controlling interests HK\$'000
<b>At 1 October 2021 (audited)</b>	5,462	75,855	152	1,656	(3,048)	-	(42,478)	37,299	-	37,299
Loss for the period	-	-	-	-	-	-	(4,345)	(4,345)	(91)	(4,436)
<b>Other comprehensive income for the period</b> <i>Items that will not be reclassified to profit or loss</i> Fair value gain on Designated FVOCI	-	-	-	-	1,820	-	-	1,820	-	1,820
Total other comprehensive income for the period	-	-	-	-	1,820	-	-	1,820	-	1,820
<b>Total comprehensive income (loss) for the period</b>	-	-	-	-	1,820	-	(4,345)	(2,525)	(91)	(2,616)
<b>Transactions with owners:</b> Contributions and distributions Issue of share and convertible note pursuant to acquisition of a subsidiary (Note 22) Derecognition of subsidiaries Issue of shares pursuant to conversion of convertible note (Note 22)	500	7,560	-	-	-	11,335	-	19,395	-	19,395
	-	-	(370)	-	-	-	-	(370)	-	(373)
	1,250	31,807	-	-	-	(9,446)	-	23,611	-	23,611
<b>Total transactions with owners for the period</b>	1,750	39,367	(370)	-	-	1,889	-	42,626	-	42,626
<b>At 31 March 2022 (unaudited)</b>	7,212	114,912	(218)	1,656	(1,228)	1,889	(46,823)	77,400	(91)	77,309

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 March 2023

	Attributable to owners of the Company										Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Exchange reserve HK\$'000 (Note iii)	Investment revaluation reserve (non- recycling) HK\$'000 (Note iv)	Convertible note reserve HK\$'000 (Note v)	Share option reserve HK\$'000 (Note vi)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
<b>At 1 October 2022 (audited)</b>	7,212	114,603	152	1,656	(4,957)	1,889	-	(60,715)	69,840	(501)	69,339
Loss for the period	-	-	-	-	-	-	-	(21,464)	(21,464)	(320)	(21,784)
<b>Other comprehensive income (loss) for the period</b> <i>Items that will not be reclassified to profit or loss</i> Fair value loss on Designated FVOCI	-	-	-	-	(53)	-	-	-	(53)	-	(53)
Total other comprehensive loss for the period	-	-	-	-	(53)	-	-	-	(53)	-	(53)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(53)	-	-	(21,464)	(21,517)	(320)	(21,837)
<b>Transactions with owners:</b> <i>Contributions and distributions</i> Conversion of convertible note (Note 21)	250	7,082	-	-	-	(1,889)	-	-	5,443	-	5,443
Recognition of equity-settled share-based payments (Note 24)	-	-	-	-	-	-	23,032	-	23,032	-	23,032
Issue of shares pursuant to settlement of promissory notes (Note 22)	501	34,599	-	-	-	-	-	-	35,100	-	35,100
Issue of shares pursuant to placing (Note 22)	570	38,760	-	-	-	-	-	-	39,330	-	39,330
Receipt of subscription shares pursuant to subscription agreement	-	18,366	-	-	-	-	-	-	18,366	-	18,366
Acquisition of a subsidiary (Note 23)	-	-	-	(263)	-	-	-	-	(263)	-	(263)
Derecognition of a subsidiary	-	-	314	-	-	-	-	-	314	-	314
<b>Total transactions with owners for the period</b>	1,321	98,807	314	-	-	(1,889)	23,032	-	121,322	-	121,322
<b>At 31 March 2023 (unaudited)</b>	8,533	213,410	466	1,393	(5,010)	-	23,032	(72,179)	169,645	(821)	166,824

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(CONTINUED)**

*For the six months ended 31 March 2023*

Notes:

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2023

	<b>Six months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash used in operating activities</b>	<b>(18,827)</b>	(14,830)
<b>INVESTING ACTIVITIES</b>		
Net cash flows on acquisition of a subsidiary	378	15,654
Net cash flows on disposal of a subsidiary	(6,425)	–
Consideration received for disposal of a subsidiary	7,000	2,500
Purchase of plant and equipment	(955)	(315)
Purchase of financial assets at FVPL	(13,702)	–
Purchase of Designated FVOCI	(3)	(5,461)
Purchase of other investments	–	(853)
Proceeds from disposal of financial assets at FVPL	4,879	–
Proceeds from disposal of Designated FVOCI	148	–
Proceeds from disposal of other investments	620	–
<b>Net cash (used in) from investing activities</b>	<b>(8,060)</b>	11,525
<b>FINANCING ACTIVITIES</b>		
Issue of share capital	39,330	–
Repayment of bank borrowings	(1,311)	(232)
Interest paid	(424)	(309)
Lease payments	(2,695)	(3,709)
<b>Net cash from financing activities</b>	<b>34,900</b>	(4,250)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,013</b>	(7,555)
<b>Cash and cash equivalents at beginning of period</b>	<b>16,825</b>	28,612
<b>Cash and cash equivalents at end of period, represented by bank balances – general accounts and cash</b>	<b>24,838</b>	21,057
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and cash equivalent	24,838	21,057
Less: Bank balances – general accounts and cash attributable to the subsidiary to be disposed classified as held for sale	–	(7,348)
<b>Bank balances – general accounts and cash as stated in the condensed consolidated statement of financial position</b>	<b>24,838</b>	13,709

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 March 2023*

### 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offering on 26 May 2017. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 21/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

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) environmental, social and governance ("**ESG**") advisory services, (vi) corporate secretarial services, (vii) accounting and taxation services, (viii) risk management and internal control advisory services, and (ix) human resources services in Hong Kong.

The condensed consolidated financial statements of the Group for the six months ended 31 March 2023 (the "**Condensed Consolidated Financial Statements**") are unaudited but have been reviewed by the audit committee of the Company. The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 15 May 2023.

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

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual financial statements of the Group for the year ended 30 September 2022 (the “**2021/22 Annual Report**”), except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

### Adoption of new/revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 October 2022:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

The application of the amendments to HKFRSs has had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in the Condensed Consolidated Financial Statements.

### Basis of measurement

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for the financial assets designated at FVOCI and financial assets at FVPL that are measured at fair value.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed Consolidated Financial Statements in conformity with HKAS 34 “*Interim Financial Reporting*” requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the Condensed Consolidated Financial Statements, the significant judgements made by the management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the 2021/22 Annual Report.

### 3. SEGMENT INFORMATION

The Group is currently organised into two operating divisions, namely licensed business and non-licensed business. These divisions are the basis on which the executive Directors and senior management of the Company, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these operating segments are as follows:

Licensed business	Provision of corporate finance advisory services, placing and underwriting services, and asset management services
Non-licensed business	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

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

## Segment revenue and results

### Six months ended 31 March 2023

	Continuing operations		Discontinued operations	Total HK\$'000 (Unaudited)
	Licensed business HK\$'000 (Unaudited)	Non-licensed business HK\$'000 (Unaudited)	Licensed business HK\$'000 (Unaudited)	
Revenue	6,759	32,669	160	39,588
Other (loss) income, net	(99)	939	12	852
	<u>6,660</u>	<u>33,608</u>	<u>172</u>	<u>40,440</u>
<b>Results</b>				
Segment profit (loss)	<u>2,626</u>	<u>(6,199)</u>	<u>5,008</u>	1,435
Unallocated corporate income				3,757
Unallocated corporate expenses				<u>(26,372)</u>
Loss before tax				<u>(21,180)</u>

### Six months ended 31 March 2022

	Continuing operations		Discontinued operations	Total HK\$'000 (Unaudited)
	Licensed business HK\$'000 (Unaudited)	Non-licensed business HK\$'000 (Unaudited)	Licensed business HK\$'000 (Unaudited)	
Revenue	6,217	23,386	534	30,137
Other income (loss), net	276	(349)	23	(50)
	<u>6,493</u>	<u>23,037</u>	<u>557</u>	<u>30,087</u>
<b>Results</b>				
Segment (loss) profit	<u>(2,483)</u>	<u>2,439</u>	<u>(1,578)</u>	(1,622)
Unallocated corporate income				51
Unallocated corporate expenses				<u>(2,667)</u>
Loss before tax				<u>(4,238)</u>



### Information about geographical areas

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

	Three months ended		Six months ended	
	31 March		31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>				
Hong Kong	16,696	15,226	34,610	26,543
Canada	810	1,503	1,944	3,060
PRC	1,761	–	2,874	–
	<b>19,267</b>	<b>16,729</b>	<b>39,428</b>	<b>29,603</b>
<b>Discontinued operations</b>				
Hong Kong	–	248	160	534

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:

	At	At
	31 March	30 September
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<b>Continuing operations</b>		
Hong Kong	63,704	66,264
Canada	5,472	5,819
PRC	41,150	–
	<b>110,326</b>	<b>72,083</b>
<b>Discontinued operations</b>		
Hong Kong	–	1,017

### Information about major customers

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

Three months ended		Six months ended	
31 March		31 March	
2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

#### Continuing operations

Customer A	-#	3,260	7,098	5,647
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# No revenue was generated from the corresponding customer or the corresponding revenue did not represent 10% or more of the total revenue of the Group.

## 4. REVENUE

Three months ended		Six months ended	
31 March		31 March	
2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

#### Continuing operations

##### Licensed business

##### **Revenue from contracts with customers within HKFRS 15**

Corporate finance advisory services	1,326	2,621	6,446	6,098
Placing and underwriting services	271	-	271	-
Asset management services	19	69	42	119
	<u>1,616</u>	<u>2,690</u>	<u>6,759</u>	<u>6,217</u>

	Three months ended 31 March		Six months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Non-licensed business</b>				
<b>Revenue from contracts with customers within HKFRS 15</b>				
Accounting and taxation services	8,363	7,858	18,038	11,893
Business consulting services	878	1,573	2,707	4,158
ESG advisory services	1,337	1,769	3,007	3,113
Risk management and internal control advisory services	5,051	1,541	5,558	2,303
Corporate secretarial services	1,519	1,051	2,539	1,613
Human resources services	503	247	820	306
	<u>17,651</u>	<u>14,039</u>	<u>32,669</u>	<u>23,386</u>
<b>Total</b>	<b><u>19,267</u></b>	<b><u>16,729</u></b>	<b><u>39,428</u></b>	<b><u>29,603</u></b>
<b>Discontinued operations</b>				
<b>Licensed business</b>				
<b>Revenue from contracts with customers within HKFRS 15</b>				
Brokerage commission	-	152	106	319
Clearing, settlement and handling fee income	-	-	2	2
	<u>-</u>	<u>152</u>	<u>108</u>	<u>321</u>
<b>Interest revenue calculated using the effective interest method</b>				
Interest income from cash and margin clients	-	100	52	213
<b>Total (Note 17)</b>	<b><u>-</u></b>	<b><u>252</u></b>	<b><u>160</u></b>	<b><u>534</u></b>

**5. OTHER INCOME (LOSS), NET**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
<b><u>Continuing operations</u></b>				
Gain on disposal of financial assets at FVPL	-	-	<b>1,811</b>	-
Government subsidies ( <i>Note</i> )	<b>37</b>	113	<b>752</b>	280
Interest income	<b>45</b>	2	<b>140</b>	3
Unrealised gain on financial assets at FVPL	<b>1,399</b>	8	<b>2,287</b>	17
Others	<b>(568)</b>	(356)	<b>(393)</b>	(322)
	<b>913</b>	(233)	<b>4,597</b>	(22)
	<b><u>913</u></b>	<b><u>(233)</u></b>	<b><u>4,597</u></b>	<b><u>(22)</u></b>
<b><u>Discontinued operations</u></b>				
<i>(Note 17)</i>				
Government subsidies ( <i>Note</i> )	-	-	<b>12</b>	-
Others	-	23	-	23
	-	23	<b>12</b>	23
	<b><u>-</u></b>	<b><u>23</u></b>	<b><u>12</u></b>	<b><u>23</u></b>

Note:

During the six months ended 31 March 2023, the Group recognised government subsidies of approximately HK\$764,000 (2022: approximately HK\$280,000) from subsidy schemes of Hong Kong SAR Government as below:

	<b>Six months ended 31 March</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b><u>Continuing operations</u></b>		
Employment Support Scheme	<b>675</b>	–
Financial Industry Recruitment Scheme for Tomorrow	–	110
Financial Industry Recruitment Scheme for Young Graduates	<b>77</b>	90
Distance Business Funding Programme	–	80
	<b>752</b>	280
	<b>=====</b>	<b>=====</b>
<b><u>Discontinued operations</u></b>		
Employment Support Scheme	<b>12</b>	–
	<b>=====</b>	<b>=====</b>

## 6. FINANCE COSTS

	Three months ended		Six months ended	
	31 March		31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b><u>Continuing operations</u></b>				
Interest expenses on convertible note	-	291	57	986
Interest expenses on bank borrowings	223	187	424	309
Interest expenses on lease liabilities	137	177	280	331
Interest expenses on promissory notes	-	-	101	-
	<u>360</u>	<u>655</u>	<u>862</u>	<u>1,626</u>
<b><u>Discontinued operations</u></b>				
Interest expenses on lease liabilities (Note 17)	-	1	4	2
	<u>-</u>	<u>1</u>	<u>4</u>	<u>2</u>
	<u><u>360</u></u>	<u><u>656</u></u>	<u><u>866</u></u>	<u><u>1,628</u></u>

## 7. LOSS BEFORE TAX

This is stated after charging (crediting):

	Three months ended 31 March		Six months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Staff costs (including directors' remuneration):				
<b>Continuing operations</b>				
Employee benefit expense	16,022	10,862	30,666	18,458
Contributions to defined contribution plans	498	323	976	540
Equity-settled share-based payment expenses	-	-	23,032	-
	<u>16,520</u>	<u>11,185</u>	<u>54,674</u>	<u>18,998</u>
<b>Discontinued operations</b>				
Employee benefit expense	-	706	400	1,279
Contributions to defined contribution plans	-	22	15	42
	-	728	415	1,321
Total staff costs	<u>-</u>	<u>11,913</u>	<u>55,089</u>	<u>20,319</u>
<b>Continuing operations</b>				
Auditor's remuneration	240	162	455	325
Amortisation				
- Intangible assets (included in "Administrative expenses and other operating expenses")	392	-	793	-
Depreciation				
- Plant and equipment	668	423	1,323	742
- Right-of-use assets	392	2,202	1,430	3,909
Exchange gain, net	(22)	(2)	(22)	(2)
Professional fees	<u>4,343</u>	<u>1,870</u>	<u>6,275</u>	<u>2,768</u>
<b>Discontinued operations</b>				
Auditor's remuneration	-	25	25	50
Depreciation				
- Plant and equipment	-	38	-	76
- Right-of-use assets	-	87	86	174
Professional fees	-	1	1	4

## 8. INCOME TAX EXPENSE

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

For the six months ended 31 March 2023 and 2022, only one entity in the Group is subject to the two-tiered Hong Kong profits tax rates while the remaining entities in the Group will continue to be taxed at the rate of 16.5%.

For the six months ended 31 March 2023, no Hong Kong Profits Tax has been provided as the Group incurred a loss for taxation purpose. For the six months ended 31 March 2022, Hong Kong Profits Tax has been provided on the Group's estimated assessable profits arising from Hong Kong.

For the six months ended 31 March 2023, the Group's entities established in the PRC is subject to Enterprise Income Tax at a statutory rate of 25%. For the six months ended 31 March 2022, no Enterprise Income Tax has been provided for the Group's entities established in the PRC as the entities incurred a loss for taxation purpose.

For the six months ended 31 March 2023 and 2022, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose.

Three months ended		Six months ended	
31 March		31 March	
2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

### Continuing operations

#### **Current tax**

Hong Kong Profits Tax	-	86	-	198
PRC Enterprise Income Tax	<b>604</b>	-	<b>604</b>	-
Canada Corporate Income Tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expenses				
for continuing operations	<b>604</b>	86	<b>604</b>	198
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>





## 10. GOODWILL

During the six months ended 31 March 2023, the reconciliation of carrying amount of goodwill allocated to the cash generating unit (“CGU”) relating to the business of Baron Global Financial Canada Ltd. (the “**Canada Business CGU**”), the business of APEC GROUP INTERNATIONAL LIMITED (the “**APEC Business CGU**”), and the business of Earning Joy Development Limited (the “**Greater Bay Area Business CGU**”) is as follows:

	<b>Canada Business CGU HK\$'000</b>	<b>APEC Business CGU HK\$'000</b>	<b>Greater Bay Area Business CGU HK\$'000</b>	<b>Total HK\$'000</b>
<b>Reconciliation of carrying amount</b>				
At the beginning of the reporting period (audited)	1,211	42,460	–	43,671
Addition (Note 23)	–	–	41,160	41,160
Impairment loss	–	–	–	–
	<u>1,211</u>	<u>42,460</u>	<u>41,160</u>	<u>84,831</u>
At the end of the reporting period (unaudited)	<u>1,211</u>	<u>42,460</u>	<u>41,160</u>	<u>84,831</u>
<b>As at 31 March 2023</b>				
Cost	23,966	42,460	41,160	107,586
Accumulated impairment loss	<u>(22,755)</u>	–	–	<u>(22,755)</u>
Net carrying amount (unaudited)	<u>1,211</u>	<u>42,460</u>	<u>41,160</u>	<u>84,831</u>

The goodwill recognised relating to the Greater Bay Area Business CGU is determined on a provisional basis as the Group is in the process of completing the independent valuation to assess the fair values of the identified assets acquired and liabilities assumed in connection with the acquisition of Earning Joy Development Limited. As a result, the amount of goodwill may be adjusted upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

## 11. INTANGIBLE ASSETS

The intangible assets represent customer base arising from the acquisition of APEC GROUP INTERNATIONAL LIMITED ("APEGIL") which has allowed the Group to stabilise the revenue base from non-licensed business operating by APEGIL. No impairment loss was recognised for the six months ended 31 March 2023.

### Reconciliation of carrying amount – Six months ended 31 March 2023

	<i>HK\$'000</i>
At 1 October 2022 (audited)	4,764
Amortisation	(793)
	<hr/>
<b>At 31 March 2023 (unaudited)</b>	<b>3,971</b>
	<hr/> <hr/>

## 12. PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Plant and equipment and right-of-use assets

During the six months ended 31 March 2023, the Group acquired plant and equipment of approximately HK\$955,000 (2022: approximately HK\$887,000).

There were no additions to the right-of-use assets for the six months ended 31 March 2023 (2022: approximately HK\$9,605,000).

As at 31 March 2023, the carrying amounts of plant and equipment and right-of-use assets were approximately HK\$11,170,000 (30 September 2022: approximately HK\$11,518,000) and HK\$10,156,000 (30 September 2022: approximately HK\$12,130,000) respectively.

The Group's depreciation during the six months ended 31 March 2023 amounted to approximately HK\$1,323,000 (2022: approximately HK\$818,000) and HK\$1,430,000 (2022: approximately HK\$4,083,000) in respect of plant and equipment and right-of-use assets respectively.

### (ii) Lease liabilities

As at 31 March 2023, the carrying amount of lease liabilities was approximately HK\$10,634,000 (30 September 2022: approximately HK\$12,496,000).

**(iii) Amounts recognised in profit or loss**

	<b>Six months ended 31 March</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation on plant and equipment	<b>1,323</b>	818
Depreciation on right-of-use assets	<b>1,430</b>	4,083
Finance cost on lease liabilities	<b>280</b>	331
	<b><u>280</u></b>	<u>331</u>

**(iv) Other**

During the six months ended 31 March 2023, the total cash outflow for leases amounted to approximately HK\$3,101,000 (2022: approximately HK\$3,778,000).

**13. DESIGNATED FVOCI**

	<b>At</b>	At
	<b>31 March</b>	30 September
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>At fair value</b>		
Equity securities listed overseas	<b>393</b>	732
Equity securities unlisted overseas	<b>561</b>	–
	<b><u>954</u></b>	<u>732</u>

During the six months ended 31 March 2023, the fair value loss on these equity securities of approximately HK\$53,000 was recognised in other comprehensive income (2022: fair value gain of approximately HK\$1,820,000).

Details of the fair value measurements are set out in note 26 to the Condensed Consolidated Financial Statements.

## 14. FINANCIAL ASSETS AT FVPL

	At 31 March 2023 HK\$'000 (Unaudited)	At 30 September 2022 HK\$'000 (Audited)
Derivatives – unlisted options issued by companies listed overseas	334	334
Equity securities listed in Hong Kong	1,201	3,217
Equity securities unlisted in Hong Kong	1,449	–
Equity securities listed overseas (Note i)	8,365	–
Unlisted investment funds (Note ii)	13,000	–
Payment for life insurance policy (Note iii)	1,439	1,366
	<u>25,788</u>	<u>4,917</u>
<b>Analysed as:</b>		
Current	24,349	3,551
Non-current	1,439	1,366
	<u>25,788</u>	<u>4,917</u>

## Notes:

- (i) On 13 February 2023, the Company as subscriber entered into a subscription agreement with RC365 Holding Plc (a company listed on the London Stock Exchange, symbol: RCGH.L) ("**RC365**") as issuer, pursuant to which the Company has conditionally agreed to subscribe for, and RC365 has conditionally agreed to issue and allot, an aggregate of 18,000,000 shares of RC365 at the subscription price of British pound sterling ("**GBP**") 0.20 (equivalent to approximately HK\$1.93) per subscription share for a total consideration of GBP3,600,000 (equivalent to approximately HK\$34,800,000) (the "**RC365 Subscription**"). The consideration for the RC365 Subscription shall be settled by the Company by way of the issue and allotment of an aggregate of 38,640,000 shares of the Company at the issue price of HK\$0.90 per share to RC365 upon completion of the RC365 Subscription. As at 31 March 2023, 9,500,000 shares of RC365 had been issued and allotted to the Company. Completion of the RC365 Subscription took place on 17 April 2023.
- (ii) The amount represents subscription of an interest in a limited partnership fund for managing investments for the benefit of its investors. The purpose of the fund is to carry on the business of investing in shares, debentures, convertible loan stock, options, warrants or other securities in or in respect of the capital of any body corporate or other entity, undertaking and shall be subject to the investment focus on electric vehicle, new and renewable energy, and/or other environmental, social and governance investment in the PRC and Hong Kong. The subscription is in line with the Company's business strategy to broaden the scope of investment through strategic partnerships and investments in the electric vehicle and renewable energy sectors.

- (iii) 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 United States dollars (“**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.

Details of the fair value measurements are set out in note 26 to the Condensed Consolidated Financial Statements.

## 15. OTHER INVESTMENTS

Other investments represent collectible figures acquired by the Group for capital appreciation.

### Reconciliation of carrying amount – Six months ended 31 March 2023

	<i>HK\$'000</i>
At 1 October 2022 (audited)	791
Disposals	(782)
Transfer to plant and equipment	(9)
	<hr/>
<b>At 31 March 2023 (unaudited)</b>	<b>–</b>
	<hr/> <hr/>

**16. TRADE AND OTHER RECEIVABLES**

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
<b>Trade receivables</b>		
Trade receivables	<b>19,092</b>	16,683
Less: Loss allowance	<b>(847)</b>	(808)
	<b>18,245</b>	15,875
 Contract assets	 <b>-</b>	 117
 <b>Other receivables</b>		
Prepayment	<b>12,718</b>	1,275
Deposits and other receivables	<b>27,297</b>	3,254
	<b>40,015</b>	4,529
	<b>58,260</b>	20,521

Generally, there is no credit term granted to customers and 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, which are usually within 1 month to 3 months after billing.

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

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
Within 30 days	<b>5,278</b>	7,736
31 to 60 days	<b>2,971</b>	1,862
61 to 90 days	<b>2,318</b>	476
Over 90 days	<b>7,678</b>	5,801
	<b>18,245</b>	15,875

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

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
Not yet due	<b>5,639</b>	2,763
Past due:		
Within 30 days	<b>2,609</b>	5,941
31 to 60 days	<b>2,329</b>	1,448
61 to 90 days	<b>1,599</b>	399
Over 90 days	<b>6,069</b>	5,324
	<b>12,606</b>	13,112
	<b>18,245</b>	15,875

Before accepting a new customer, the Group assesses the potential customer's credit quality and determines credit limit. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.



The Group's trade receivables which are past due at the end of each reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default. The Group does not hold any collateral over the trade receivables.

The movement in the loss allowance in respect of trade receivables is summarised below:

	<b>HK\$'000</b>
At 1 October 2022 (audited)	<b>808</b>
Increase in allowance	<b>39</b>
Amount written off as uncollectible	-
	<hr/>
<b>At 31 March 2023 (unaudited)</b>	<b>847</b>
	<hr/> <hr/>

## 17. DISCONTINUED OPERATIONS

On 23 December 2022, Company completed the disposal of 85% equity interest in its subsidiary, Wealth Link Securities Limited ("**Wealth Link Securities**"), at a consideration of HK\$14,000,000 (the "**Consideration**"), representing the Group's securities brokerage and margin financing business. Immediately after completion of the disposal, the Company holds a 15% equity interest in Wealth Link Securities, Wealth Link Securities ceases to be a subsidiary of the Company and that the financial result, assets and liabilities of Wealth Link Securities will no longer be consolidated into the accounts of the Group.

As at the date of this report, the remaining balance of the Consideration, being HK\$3,500,000, remains unpaid by the Purchaser. As the Company has taken the necessary actions to recover the outstanding Consideration from the Purchaser, the Directors expect that the Purchaser will settle the amount in due course.

The results of discontinued operations for the three months and six months ended 31 March 2023 are analysed as follows:

	Three months ended		Six months ended	
	31 March		31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b> (Note 4)	-	252	<b>160</b>	534
Other income, net (Note 5)	-	23	<b>12</b>	23
Administrative expenses and other operating expenses	-	(1,136)	<b>(778)</b>	(2,133)
Finance costs (Note 6)	-	(1)	<b>(4)</b>	(2)
	<u>-</u>	<u>(862)</u>	<u>(610)</u>	<u>(1,578)</u>
<b>Loss before tax</b>	-	(862)	<b>(610)</b>	(1,578)
Income tax expense	-	-	-	-
	<u>-</u>	<u>(862)</u>	<u>(610)</u>	<u>(1,578)</u>
<b>Loss for the period</b>	-	(862)	<b>(610)</b>	(1,578)
Gain on disposal of discontinued operations	-	-	<b>5,618</b>	-
	<u>-</u>	<u>(862)</u>	<u>5,008</u>	<u>(1,578)</u>
<b>(Loss) Profit for the period from discontinued operations</b>	<u>-</u>	<u>(862)</u>	<u>5,008</u>	<u>(1,578)</u>

The major classes of assets and liabilities of discontinued operations measured at the lower of carrying amount and fair value less costs to sell at the dates indicated are as follows:

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
Intangible assets	-	270
Plant and equipment	-	62
Right-of-use assets	-	480
Other deposits	-	205
Trade receivables		
– Cash clients	-	2,632
– Margin clients	-	69
Other receivables	-	203
Bank balances – client accounts	-	36,379
Bank balances – general accounts and cash	-	8,769
	<hr/>	<hr/>
<b>Total assets classified as held for sale</b>	<b>-</b>	<b>49,069</b>
	<hr/> <hr/>	<hr/> <hr/>
Trade payables arising from business of dealing in securities	-	37,927
Other payables	-	194
Lease liabilities	-	548
	<hr/>	<hr/>
<b>Total liabilities associated with assets classified as held for sale</b>	<b>-</b>	<b>38,669</b>
	<hr/> <hr/>	<hr/> <hr/>

The (loss) earnings per share information of discontinued operations is as follows:

Three months ended 31 March		Six months ended 31 March	
2023	2022	2023	2022
'000	'000	'000	'000
<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)

### Shares

Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share

<b>821,325</b>	631,478	<b>771,949</b>	605,129
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Effect of dilutive potential ordinary shares – share options

<b>44,600</b>	–	<b>22,545</b>	–
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Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share

<b>865,925</b>	631,478	<b>774,494</b>	605,129
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Three months ended 31 March		Six months ended 31 March	
2023	2022	2023	2022
<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)

### (Loss) Earnings per share for discontinued operations

Basic

–	(0.14)	<b>0.65</b>	(0.26)
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Diluted

–	(0.14)	<b>0.65</b>	(0.26)
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The following summarises the gain on disposal of discontinued operations:

	<b>HK\$'000</b> <b>(Unaudited)</b>
<b>Consideration</b>	<u>14,000</u>
<b>Recognised amounts of identifiable assets and liabilities</b>	
Right-of-use assets	458
Other assets	500
Trade and other receivables	3,140
Bank balances – client accounts	41,109
Bank balances – general accounts and cash	6,425
Trade and other payables	(41,308)
Lease liabilities	<u>(463)</u>
<b>Total identifiable net assets</b>	<u>9,861</u>
<b>85% of net assets disposed of</b>	<u>8,382</u>
<b>Gain on disposal of discontinued operations</b>	<u>5,618</u>
Net cash outflow on disposal of discontinued operations:	
	<b>HK\$'000</b> <b>(Unaudited)</b>
Bank balances – general accounts and cash	<u>(6,425)</u>

**18. TRADE AND OTHER PAYABLES**

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
<b>Trade payables</b>		
Trade payables arising from clients account under the business of corporate finance advisory services	–	101,502
<b>Other payables</b>		
Accrual and other payables	<u>11,567</u>	<u>6,473</u>
	<b><u>11,567</u></b>	<b><u>107,975</u></b>
<b>Analysed as:</b>		
Current	<u>11,267</u>	107,675
Non-current	<u>300</u>	<u>300</u>
	<b><u>11,567</u></b>	<b><u>107,975</u></b>

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.

**19. INTEREST-BEARING BORROWINGS**

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
Secured bank borrowings repayable on demand	<u>25,510</u>	<u>25,923</u>

Bank borrowings as at 31 March 2023 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 (30 September 2022: 2.25% below HSBC Prime Rate or 2.5% below DBS Prime Rate).

As at 31 March 2023 and 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.

As at 31 March 2023, the Group's banking facilities granted by financial institutions in Hong Kong, under which the borrowings were drawn, are secured by Hong Kong SAR Government guarantee under SME Loan Guarantee Scheme and personal guarantees issued by a director of the subsidiaries.

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>At</b>	At
	<b>31 March</b>	30 September
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>2,505</b>	1,578
In the second year	<b>3,163</b>	3,343
In the third to fifth years inclusive	<b>10,102</b>	10,627
Over five years	<b>9,740</b>	10,375
	<b>25,510</b>	25,923

## 20. LOAN PAYABLES

	<b>At</b>	At
	<b>31 March</b>	30 September
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Government loan ( <i>Note</i> )	<b>360</b>	360

*Note:*

In 2020, Baron Canada obtained a government loan of CAD40,000 (equivalent to approximately HK\$240,000) from the Canadian Government due to COVID-19 pandemic. In 2021, an additional government loan of CAD20,000 (equivalent to approximately HK\$120,000) was obtained from the Canadian Government. The amounts were unsecured, interest-free and repayable on 31 December 2023.

## 21. CONVERTIBLE NOTE

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 LUCK ACHIEVE DEVELOPMENTS LIMITED (the “**Noteholder**”) as partial consideration for the acquisition of 100% equity interest in APEC GROUP INTERNATIONAL LIMITED. 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 six months ended 31 March 2023, the remaining outstanding convertible note with nominal value of HK\$5,000,000 was converted into shares of the Company.

Details of movements in the convertible note during the six months ended 31 March 2023 are as follows:

	<b>HK\$'000</b> <b>(Unaudited)</b>
<b>Liability component</b>	
At 1 October 2022	5,443
Conversion of convertible note	(5,443)
	<hr/>
At 31 March 2023	<hr/> <hr/>
<b>Equity component</b>	
At 1 October 2022	1,889
Conversion of convertible note	(1,889)
	<hr/>
At 31 March 2023	<hr/> <hr/>



## 22. SHARE CAPITAL

	At 31 March 2023		At 30 September 2022	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
<b>Authorised</b>				
At the beginning and end of the reporting period (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 paid</b>				
At the beginning of the reporting period	<b>721,200,000</b>	<b>7,212</b>	546,200,000	5,462
Issue of consideration shares in respect of acquisition of a subsidiary (Note a)	-	-	50,000,000	500
Conversion of convertible note (Note b)	<b>25,000,000</b>	<b>250</b>	125,000,000	1,250
Issue of settlement shares (Note c)	<b>50,144,000</b>	<b>501</b>	-	-
Issue of placing shares (Note d)	<b>57,000,000</b>	<b>570</b>	-	-
<b>At the end of the reporting period</b> (at par value of HK\$0.01 per share)	<b>853,344,000</b>	<b>8,533</b>	721,200,000	7,212

### Notes:

- (a) On 1 November 2021, the Company issued and allotted 50,000,000 shares at HK\$0.20 per share pursuant to the completion of acquisition of the entire issued shares of APEGIL.
- (b) In March 2022, the Company issued and allotted 125,000,000 shares at 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.

On 23 December 2022, the Company issued and allotted 25,000,000 shares at HK\$0.20 per share pursuant to the exercise of the conversion rights attached to the Convertible Note in the principal amount of HK\$5,000,000.

- (c) On 13 January 2023, the Company issued and allotted 50,144,000 shares at HK\$0.70 per share for settlement of the promissory notes and all outstanding accrued interests pursuant to a deed of settlement entered on 23 December 2022.
- (d) On 10 February 2023, the Company issued and allotted 57,000,000 shares at HK\$0.69 per share pursuant to a placing agreement entered on 13 January 2023.

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

## 23. BUSINESS COMBINATION

On 1 November 2022, the Company acquired the entire issued shares of Earning Joy Development Limited (“**Earning Joy**”) at a consideration of HK\$38,000,000, which was settled by the issue of promissory notes. Following the acquisition, Earning Joy has become a direct wholly-owned subsidiary of the Company. Earning Joy and its subsidiaries are principally engaged in the provision of accounting, taxation and business consultancy services in the PRC. The acquisition was made to enhance the Group’s strategy of becoming an integrated one-stop financial services provider.

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

	<b>HK\$’000</b> <b>(Unaudited)</b>
<b>Consideration</b>	
Issue of promissory notes	38,000
	<hr/> <hr/>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Plant and equipment	10
Trade and other receivables	890
Bank balances and cash	378
Accruals and other payables	(4,434)
Income tax payable	(4)
	<hr/>
<b>Total identifiable net liabilities</b>	(3,160)
<b>Goodwill arising on acquisition</b> (Note 10)	41,160
	<hr/>
<b>Total fair value of consideration</b>	38,000
	<hr/> <hr/>

**Net cash inflow on acquisition of a subsidiary**

	<b>HK\$'000</b> <b>(Unaudited)</b>
Net cash acquired from the subsidiary	378
Consideration for acquisition settled in cash	—
	<hr/>
	<b>378</b>
	<hr/> <hr/>

**24. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS**

A share option scheme (the “**Share Option Scheme**”) was adopted by the Company and was effective on 4 May 2017. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 4 May 2017. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Subject to the terms of the Share Option Scheme, the Directors shall be entitled to make an offer of the grant of an option to subscribe for shares of the Company to any Directors, employees of the Group, consultants or advisers of the Group, providers of goods and/or services to the Group, customers of the Group, holders of securities issued by any member of the Group, or any other person, who at the sole discretion of the Directors, has contributed to the Group, whom the Directors may select at its absolute discretion. Details of the Share Option Scheme are set out in the section “STATUTORY AND GENERAL INFORMATION – D. SHARE OPTION SCHEME” of the prospectus of the Company dated 15 May 2017.

Since the adoption of the Share Option Scheme and up to 31 March 2023, 44,600,000 share options have been granted by the Company to the Directors and employees of the Group on 30 December 2022.

The fair value of the share options as at 30 December 2022 was estimated to be approximately HK\$23,032,000, which was arrived at based on the valuation carried out by an independent qualified professional valuer not connected with the Group using the binomial option pricing model. The variables and assumptions used in the calculation were based on the valuer’s best estimates.

The major inputs and assumptions used in the valuation model were as follows:

### Major inputs

Exercise price	HK\$0.88
Expected price volatility	99.53%
Expected life	10 years
Risk-free rate	3.50%
Expected dividend yield	0%
Pre-vesting and post vesting exit rate	0%
Exercise multiple – Directors	2.8 times
– Employees	2.2 times

### Major assumptions

- (i) Annualised historical stock price volatility of the Company as at the grant date was deemed to be appropriate to serve as the expected volatility of the stock price of the Company during the life of the share options and is assumed to be constant and prevailing.
- (ii) Yield-to-maturity in continuous compounding of the Hong Kong Government Bonds with the time-to-maturity similar to that of the share options as at 30 December 2022 is adopted as the risk-free rate in the valuation model.
- (iii) There will be no dividend to be declared and paid during the life of the share options.
- (iv) The closing share price of the Company as at 30 December 2022 is assumed to be the fair value of the share of the Company as at 30 December 2022.
- (v) It is assumed that all the grantees will exercise the share options if the share price of the Company reaches certain times the exercise price of the share options and such exercise multiples for the grantees who are Directors and employees of the Group are 2.8 times and 2.2 times, respectively.

During the Period, equity-settled share-based payment expense of approximately HK\$23,032,000 (2022: nil) for the Share Option Scheme was recognised in profit or loss with a corresponding credit in share option reserve.

None of the share options (2022: nil) were exercised, cancelled or lapsed during the Period. At the time when the share options are subsequently exercised, the amount previously recognised in share option reserve will be transferred to share premium.

## 25. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 31 March 2023 (2022: nil).

## 26. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the Condensed Consolidated Financial Statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13 “Fair Value Measurement” with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

**(a) Assets measured at fair value**

Financial assets	Fair value as at		Value hierarchy	Valuation techniques
	31 March 2023	30 September 2022		
	HK\$'000 (Unaudited)	HK\$'000 (Audited)		
- Investments in listed equity securities classified as Designated FVOCI	954	732	Level 1	Quoted prices in an active market
- Investments in listed equity securities classified as financial assets at FVPL	9,566	3,217	Level 1	Quoted prices in an active market
- Investments in unlisted equity securities classified as financial assets at FVPL	1,449	-	Level 2	By reference to recent comparable transactions in private markets
- Derivatives – unlisted options issued by companies listed overseas classified as financial assets at FVPL	334	334	Level 2	Derived from Black-Scholes option pricing model
- Unlisted investments – payment for life insurance policy classified as financial assets at FVPL	1,439	1,366	Level 3	Surrender cash (including guaranteed interest) reported by the financial institution on a regular basis
- Unlisted investment funds classified as financial assets at FVPL	13,000	-	Level 3	Quoted bid prices (or net asset values) provided by fund administrators

During the six months ended 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements (2022: nil), nor transfers into and out of Level 3 fair value measurements.

Details of movements in the fair value measurements categorised as Level 3 of the fair value hierarchy during the periods are as follows:

	<b>At 31 March 2023 HK\$'000 (Unaudited)</b>	At 30 September 2022 HK\$'000 (Audited)
At the beginning of the reporting period	<b>1,366</b>	–
Additions – acquisition of subsidiaries	–	1,340
Additions – subscription of interest in a limited partnership fund ( <i>Note 14</i> )	<b>13,000</b>	–
Fair value change in profit or loss	<b>73</b>	26
	<hr/>	<hr/>
At the end of the reporting period	<b><u>14,439</u></b>	<b><u>1,366</u></b>

**(b) Assets and liabilities with fair value disclosure, but not measured at fair value**

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at the end of each reporting period.

## 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 and asset management services (“**Licensed Business**”); and (ii) non-licensed business on the provision of environmental, social and governance (“**ESG**”) advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong (“**Non-Licensed Business**”).

#### (i) Continuing Operations

##### *Licensed Business*

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

**VBG Capital Limited** (“**VBG Capital**”) A licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. The Group’s corporate finance advisory services include (i) acting as sponsor in IPO exercises, advising companies on compliance requirements and acting as compliance adviser to listed companies post-IPO; (ii) acting as financial adviser in transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs; and (iii) acting as independent financial adviser to the independent board committees and independent shareholders of listed companies. Through VBG Capital, the Group acts as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fundraising 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 six months ended 31 March 2023 (the "**Period**"), corporate finance advisory business accounted for approximately 16.3% of the Group's total revenue. The Group's other Licensed Businesses, namely, (i) placing and underwriting services and (ii) asset management services, accounted for approximately 0.7% and 0.1% of its total revenue during the Period, 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 principally carried out under its wholly-owned subsidiaries in Hong Kong, APEC GROUP INTERNATIONAL LIMITED and VBG Asia Limited ("**VBG Asia**"); and its wholly-owned subsidiary in Canada, Baron Global Financial Canada Ltd. During the Period, business consulting services accounted for approximately 6.8% 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 45.6%, 6.4%, 7.6%, 2.1% and 14.0% of its total revenue during the Period, respectively.

## **(ii) Discontinued Operations**

### ***Licensed Business***

The Group's Licensed Business classified as discontinued operations represents the securities brokerage and margin financing business operated by 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, and accounted for approximately 0.4% of the Group's total revenue during the Period. On 13 September 2021, the Company as seller entered into an agreement for the disposal of 85% equity interest in Wealth Link Securities (the "**Disposal**"). Completion of the Disposal took place on 23 December 2022. Immediately after completion of the Disposal, the Company holds a 15% equity interest in Wealth Link Securities, Wealth Link Securities ceases to be a subsidiary of the Company and that the financial result, assets and liabilities of Wealth Link Securities will no longer be consolidated into the accounts of the Group.

## Placing of new shares under general mandate

On 13 January 2023, the Company as issuer and VBG Capital as placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 57,000,000 placing shares, to not less than six placees who and whose ultimate beneficial owner are independent third parties at a price of HK\$0.69 per placing share (the “**Placing**”).

Completion of the Placing took place on 10 February 2023. A total of 57,000,000 placing shares have been successfully placed to not less than six placees at placing price of HK\$0.69 per placing share pursuant to the terms and conditions of the placing agreement. The placing shares were issued and allotted pursuant to the general mandate granted to the Directors at the Company’s annual general meeting held on 25 February 2022. The reasons for issuing the placing shares was that, in light of the prevailing financial conditions of the Group, the Directors consider that the Placing to be a suitable financial option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group, strengthen the financial position of the Company and represents a good opportunity to broaden the shareholders’ base and capital base of the Company.

The gross proceeds and net proceeds from the Placing amounted to approximately HK\$39.3 million and HK\$37.4 million respectively and the net issue price was approximately HK\$0.66. The Company intends to use the net proceeds for the setup of and the investment to be acquired by the investment fund, and for general working capital of the Group.

For details of the Placing, please refer to the announcements of the Company dated 13 January 2023, 20 January 2023 and 10 February 2023.

## Subscription of new shares of RC365 Holding Plc involving issue of consideration shares by the Company (the “RC365 Subscription”)

Reference is made to the announcement of the Company dated 14 February 2023 (the “**Announcement**”) in relation to the RC365 Subscription. Capitalized terms used in this sub-section shall have the same meanings as those defined in the Announcement. On 13 February 2023, the Company as subscriber entered into a subscription agreement with RC365 Holding Plc (a company listed on the London Stock Exchange, symbol: RCGH.L) (“**RC365**”) as issuer, pursuant to which the Company has conditionally agreed to subscribe for, and RC365 has conditionally agreed to issue and allot, an aggregate of 18,000,000 RC365 Subscription Shares at the RC365 Subscription Price of GBP0.20 (equivalent to approximately HK\$1.93) per RC365 Subscription Share for a total consideration of GBP3,600,000 (equivalent to approximately HK\$34,800,000). The Consideration shall be settled by the Company by way of the issue and allotment of an aggregate of 38,640,000 Consideration Shares at the issue price of HK\$0.90 per Consideration Share to RC365 upon completion of the Subscription.

Completion of the RC365 Subscription took place on 17 April 2023. For details of the RC365 Subscription, please refer to the announcements of the Company dated 14 February 2023 and 17 April 2023.

## Memorandum of understanding on cooperation (the “MOU”) with Smart Auto Australia Limited (“Smart Auto”)

On 22 March 2023, VBG Asia, a wholly-owned subsidiary of the Company, entered into the MOU with Smart Auto, a company listed on the National Stock Exchange of Australia and principally engages in the provision of (i) conventional bus rental and management services; (ii) bus body advertisement; (iii) vehicles and passenger service license trading services; (iv) distributorship of coaches and electric vehicle products; and (v) bus trading services. Pursuant to the MOU, the Company and Smart Auto intend to collaborate jointly in the form of (i) Smart Auto and VBG Asia become business partners and VBG Asia shall support Smart Auto and advise on proposed cross border merger and acquisition activities to be conducted by Smart Auto (the “**Proposed Transaction**”); (ii) VBG Asia shall assist Smart Auto in identifying suitable target(s) for the Proposed Transaction; (iii) VBG Asia shall assist Smart Auto in fund raising activities in the secondary market to raise expansion capital of approximately HK\$15,000,000 on a best effort basis; and (iv) by pooling of relevant resources of VBG Asia and Smart Auto, to establish other cooperative model(s) which aims to maximize each party’s benefits. The MOU shall be valid for a period of one year from 22 March 2023.

Details of the MOU were disclosed in the announcement of the Company dated 22 March 2023.

## Letter of intent (the “LOI”) and proposed cooperation with Cloudnifier Corporation Limited (“Cloudnifier”)

On 4 April 2023, the Company entered into the LOI with Cloudnifier in relation to the research, development and distribution of big data platform and other integrated solutions for financial institutions.

Pursuant to the LOI, the Company and Cloudnifier have indicated their interests in a collaboration in (i) the research and development of big data platform and other integrated solutions for financial institutions with the purpose of smoothening compliance and regulatory reporting procedures with the utilization of the expertise possessed by Cloudnifier in areas of technology advancements of artificial intelligence, blockchain, computer technology, and the Group’s expertise in the financial market (the “**New Solutions**”); and (ii) the utilization of the existing clientele and financial institutions network of the Group, whereas the Group shall offer Cloudnifier possible distribution services of Cloudnifier’s existing and future products while acquiring commission fees in return.

The consideration of engaging Cloudnifier for the research and development of the New Solutions shall be settled by way of issuing shares of the Company to Cloudnifier. The consideration shall be determined and confirmed upon signing formal agreement(s) in the future.

The proposed collaboration and transactions contemplated under the LOI, if materialized, may constitute notifiable transactions for the Company under the GEM Listing Rules. In this regard, the Company will comply with the applicable requirements under the GEM Listing Rules as and when required.

For details of the LOI, please refer to the announcement of the Company dated 4 April 2023.

## FINANCIAL REVIEW (CONTINUING AND DISCONTINUED OPERATIONS)

### Revenue

The Group's revenue was derived from two principal businesses, namely, Licensed Business and Non-Licensed Business.

For the Period, the Group recorded an increase in total revenue by approximately 31.6% to approximately HK\$39.6 million (2022: approximately HK\$30.1 million). The increase in revenue was mainly due to the increase in revenue generated from accounting and taxation services, and risk management and internal control advisory 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 increased by approximately HK\$542,000 or 8.7% to approximately HK\$6.8 million for the Period (2022: approximately HK\$6.2 million). The increase in revenue was mainly due to (i) an increase in revenue from corporate finance advisory services of approximately HK\$348,000; and (ii) an increase in revenue from placing and underwriting services of approximately HK\$271,000 during the Period.

The increase in revenue from corporate finance advisory services was primarily attributable to a combined effect of (i) an increase in revenue generated from acting as financial adviser and as independent financial adviser of approximately HK\$2.2 million; and (ii) a decrease in revenue generated from acting as sponsor of approximately HK\$1.9 million for the Period.

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

The revenue from Non-Licensed Business increased by approximately HK\$9.3 million or 39.7% to approximately HK\$32.7 million for the Period (2022: approximately HK\$23.4 million). Such increase was mainly due to an increase in revenue generated from accounting and taxation services as a result of an increase in fees charged to recurring customers.

## Other income (loss), net

The Group recorded another income of approximately HK\$4.6 million during the Period, as compared to another loss of approximately HK\$22,000 for the six months ended 31 March 2022. The change from other loss to other income for the Period is mainly the result of (i) the recognition of gain on disposal of financial assets at fair value through profit or loss of approximately HK\$1.8 million; (ii) an increase in unrealised gain on financial assets at fair value through profit or loss of approximately HK\$2.3 million; and (iii) an increase in government subsidies of approximately HK\$0.5 million during the Period.

## 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\$37.8 million, or approximately 117.0%, from approximately HK\$32.3 million for the six months ended 31 March 2022 to approximately HK\$70.1 million for the Period. Such increase was mainly attributable to an increase in staff costs of approximately of HK\$34.8 million as a result of (i) the recognition of equity-settled share-based payment expenses of approximately HK\$23.0 million in relation to the grant of share options by the Company under the Share Option Scheme during the Period; and (ii) the general pay rise and the increase of headcount of the Group during the Period as compared with the six months ended 31 March 2022.

## Finance costs

The Group's finance costs decreased to approximately HK\$866,000 for the Period from approximately HK\$1.6 million for the six months ended 31 March 2022, mainly resulting from a decrease in interest expenses on convertible note as a result of a decrease in the outstanding principal amount of convertible note as compared to the six months ended 31 March 2022.

## Gain on disposal of discontinued operations

As a result of completion of the Disposal, the Company recognized a gain on disposal of discontinued operations of approximately HK\$5.6 million during the Period (2022: nil).

## Loss for the period

As a result of foregoing, the Group recorded a loss of approximately HK\$21.8 million for the Period as compared to a loss of approximately HK\$4.4 million for the six months ended 31 March 2022.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Except that have been disclosed in notes 17 and 23 to the Condensed Consolidated Financial Statements, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

## CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2023, 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\$1.0 million (2022: payment for life insurance policy of approximately HK\$1.4 million).

Save as disclosed above, the Group did not have any charges on its assets or material contingent liabilities as at 31 March 2023.

## 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 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.

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

As at 31 March 2023, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

### Long position in the shares (the “Shares”) or underlying shares of the Company

Name of Directors	Capacity/ Nature of interest	Number of Shares held	Number of underlying Shares held pursuant to share options (Note 4)	Total number of Shares and underlying Shares held	Approximate percentage of the issued share capital of the Company (Note 5)
Mr. Li Man Keung Edwin (“Mr. Li”)	Interests of controlled corporation/ Beneficial owner	159,970,000 (Note 1)	5,000,000	164,970,000	19.33%
Mr. Hui Ringo Wing Kun (“Mr. Hui”)	Interests of controlled corporation/ Beneficial owner	17,500,000 (Note 2)	5,000,000	22,500,000	2.64%
Mr. Yeung Chun Yue David (“Mr. Yeung”)	Interests of controlled corporation/ Beneficial owner	33,000,000 (Note 3)	5,000,000	38,000,000	4.45%
Mr. William Robert Majcher	Beneficial owner	–	200,000	200,000	0.02%
Mr. Ho Lik Kwan Luke	Beneficial owner	–	200,000	200,000	0.02%
Mr. Lau Pak Kin Patric	Beneficial owner	–	200,000	200,000	0.02%



*Notes:*

- (1) These 159,970,000 Shares include 113,730,000 Shares held by Tanner Enterprises Group Limited ("**Tanner Enterprises**"), a company incorporated in the British Virgin Islands (the "**BVI**") and wholly owned by Mr. Li. Therefore, Mr. Li is deemed to be interested in all the Shares held by Tanner Enterprises for the purpose of the SFO. In addition, Mr. Li beneficially owns 46,240,000 Shares.
- (2) These 17,500,000 Shares are held by Bright Music Limited ("**Bright Music**"), a company incorporated in the BVI and wholly owned by Mr. Hui. Therefore, Mr. Hui is deemed to be interested in all the Shares held by Bright Music for the purpose of the SFO.
- (3) These 33,000,000 Shares are held by GREAT WIN GLOBAL LIMITED ("**Great Win**"), a company incorporated in the BVI and wholly owned by Mr. Yeung. Therefore, Mr. Yeung is deemed to be interested in all the Shares held by Great Win for the purpose of the SFO.
- (4) These share options were granted by the Company to the Directors on 30 December 2022 under the Share Option Scheme.
- (5) The approximate percentage of shareholdings is based on 853,344,000 Shares in issue as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2023, the following parties (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long positions in the shares or underlying shares of the Company

Name of substantial shareholder	Capacity	Number of Shares held	Number of underlying Shares held	Total number of Shares and underlying Shares held	Approximate percentage of the issued share capital of the Company (Note 2)
Tanner Enterprises	Beneficial owner	113,730,000	-	113,730,000 (Note 1)	13.33%

Notes:

- (1) Tanner Enterprises is a company incorporated in the BVI and wholly owned by Mr. Li, an executive Director. Under the SFO, Mr. Li is deemed to be interested in all the Shares held by Tanner Enterprises.
- (2) The approximate percentage of shareholdings is based on 853,344,000 Shares in issue as at 31 March 2023.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or chief executives of the Company who held any interests or short positions in the shares and/or underlying shares of the Company as at 31 March 2023 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Share Option Scheme**”) by the resolutions in writing of the sole shareholder of the Company passed on 4 May 2017. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

On 30 December 2022, an aggregate of 44,600,000 share options were granted to the Directors and employees of the Group. No share options were exercised, cancelled or lapsed during the Period (2022: nil). As at 31 March 2023, there were 44,600,000 (2022: nil) outstanding share options in aggregate, which have been vested and are issuable for 44,600,000 Shares under the Share Option Scheme.

Details of the movements in share options under the Share Option Scheme during the six months ended 31 March 2023 were as follows:

Name or category of grantees	Date of grant	Exercise period	Vesting date	Exercise price (HK\$)	Number of share options			
					Outstanding as at 1 October 2022	Granted during the Period (Note 1)	Exercised, lapsed or cancelled during the Period	Outstanding as at 31 March 2023
<b>Directors/Substantial shareholder</b>								
Li Man Keung Edwin	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	5,000,000	-	5,000,000
Hui Ringo Wing Kun	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	5,000,000	-	5,000,000
Yeung Chun Yue David	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	5,000,000	-	5,000,000
William Robert Majcher	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	200,000	-	200,000
Ho Lik Kwan Luke	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	200,000	-	200,000
Lau Pak Kin Patric	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	200,000	-	200,000
<b>Sub-total</b>						15,600,000	-	15,600,000
<b>Employees</b>								
In aggregate	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	0.88	-	29,000,000	-	29,000,000
<b>Total</b>						<b>44,600,000</b>	<b>-</b>	<b>44,600,000</b>

*Notes:*

- (1) The closing price of the Shares on the trading day immediately before the grant date was HK\$0.90 per Share.
- (2) The number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the Period divided by the weighted average number of Shares in issue for the Period was 0.0578.
- (3) The number of share options available for grant under the Share Option Scheme at 1 October 2022 and 31 March 2023 was 51,320,000 and 6,720,000 respectively.

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

Reference is made to the announcement of the Company dated 27 December 2022 in respect of the proposed issue of settlement shares by the Company under general mandate.

On 23 December 2022, the Company entered into a deed of settlement with the promissory notes holders, Mr. Liang Zihao and Mr. Tse Chi Ming, pursuant to which the Company has agreed to settle the promissory notes and all outstanding accrued interests thereon by issuing 25,072,000 settlement shares at the issue price of HK\$0.70 per settlement share to each of the promissory notes holders. On 13 January 2023, the Company issued and allotted an aggregate of 50,144,000 Shares to the promissory notes holders.

Save as the Placing, the RC365 Subscription and as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Period and up to the date of this report.

## USE OF PROCEEDS

The following table sets forth the status of net proceeds from the Placing:

Intended use of net proceeds	Net	Net	Net	Expected time frame for remaining unused net proceeds
	proceeds allocated	proceeds utilised up to 31 March 2023	proceeds unutilised as at 31 March 2023	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Capital commitment and reserve for the investment fund for suitable cooperation, acquisition, or investment opportunities	22.0	13.0	9.0	Prior to 31 December 2023
General working capital	15.4	6.8	8.6	Prior to 30 September 2023
	<u>37.4</u>	<u>19.8</u>	<u>17.6</u>	

## COMPETING INTERESTS

As at 31 March 2023, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has or may have any other conflict of interests with the Group during the Period.

## CORPORATE GOVERNANCE

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

During the Period and up to the date of this report, 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.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, no material subsequent event has occurred in relation to the Company or the Group after 31 March 2023 and up to the date of approval of this report.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 of Part 2 of the Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ho Lik Kwan Luke, as the chairman of the Audit Committee, Mr. William Robert Majcher and Mr. Lau Pak Kin Patric. The primary duty of the Audit Committee is to review and supervise the Company’s financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions.

Pursuant to code provision D.3.3 of Part 2 of the Code, the Audit Committee together with the management of the Company have reviewed the financial reporting matters including the review of the unaudited condensed consolidated results of the Group for the Period and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

## BOARD OF DIRECTORS

As at the date of this report, 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, 15 May 2023