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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 2024

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 2024. This announcement, containing the full text of the interim report of the Company for the six months ended 31 March 2024, 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.

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

Hong Kong, 31 May 2024

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 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.

** for identification purpose only*



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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.*

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The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 31 March 2024, together with the unaudited comparative figures for the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2024

		Six months ended	
		31 March	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	4	44,068	39,428
Other (loss) income, net	5	(2,081)	4,597
Provision of impairment loss in respect of trade receivables		(649)	–
Administrative expenses and other operating expenses		(55,928)	(69,351)
Finance costs	6	(760)	(862)
Loss before tax from continuing operations	7	(15,350)	(26,188)
Income tax expense	8	(5)	(604)
Loss for the period from continuing operations		(15,355)	(26,792)
Discontinued operations			
Profit for the period from discontinued operations	9	–	5,008
Loss for the period		(15,355)	(21,784)

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

For the six months ended 31 March 2024

		Six months ended	
		31 March	
		2024	2023
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value loss on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")	14	(66)	(53)
Other comprehensive loss for the period		(66)	(53)
Total comprehensive loss for the period		(15,421)	(21,837)
Loss for the period attributable to:			
Owners of the Company		(15,177)	(21,464)
Non-controlling interests		(178)	(320)
		(15,355)	(21,784)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(15,243)	(21,517)
Non-controlling interests		(178)	(320)
		(15,421)	(21,837)
		HK\$	HK\$
			(Restated)
Basic and diluted (loss) earnings per share			
	10		
– Continuing operations		(0.43)	(0.86)
– Discontinued operations		–	0.16

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

		At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
	Note		
Non-current assets			
Goodwill	11	84,558	84,558
Intangible assets	12	2,641	3,452
Plant and equipment	13	9,233	10,360
Right-of-use assets	13	9,265	7,952
Rental deposits		681	–
Designated FVOCI	14	750	816
Financial assets at fair value through profit or loss (“FVPL”)	15	22,864	22,834
Deferred tax assets		167	167
		130,159	130,139
Current assets			
Financial assets at FVPL	15	32,630	35,056
Trade and other receivables	16	50,145	62,151
Time deposits with original maturity over three months		1,622	120
Bank balances – client accounts		–	24,534
Bank balances – general accounts and cash		8,867	20,593
		93,264	142,454
Current liabilities			
Trade and other payables	17	5,487	36,611
Interest-bearing borrowings	18	23,020	24,621
Loan payables	19	–	240
Convertible note	20	–	932
Lease liabilities	13	3,646	2,695
Income tax payables		612	2,024
		32,765	67,123
Net current assets		60,499	75,331
Total assets less current liabilities		190,658	205,470

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2024

		At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
	Note		
Non-current liabilities			
Lease liabilities	13	6,426	5,817
Other payables	16	150	150
Deferred tax liabilities		1,277	1,277
		<u>7,853</u>	<u>7,244</u>
NET ASSETS		<u>182,805</u>	<u>198,226</u>
Capital and reserves			
Share capital	21	8,920	8,920
Reserves		175,066	190,309
		<u>183,986</u>	<u>199,229</u>
Equity attributable to owners of the Company		(1,181)	(1,003)
Non-controlling interests			
TOTAL EQUITY		<u>182,805</u>	<u>198,226</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2024

	Attributable to equity holders of the Company										
	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	Total equity HK\$'000
At 1 October 2022 (audited)	7,212	114,603	152	1,656	(4,957)	1,889	-	(50,715)	69,840	(501)	69,339
Loss for the period	-	-	-	-	-	-	-	(21,464)	(21,464)	(320)	(21,784)
Other comprehensive loss for the period <i>Items that will not be reclassified to profit or loss</i>	-	-	-	-	(53)	-	-	-	(53)	-	(53)
Fair value loss on Designated FVOCI	-	-	-	-	(53)	-	-	-	(53)	-	(53)
Total other comprehensive loss for the period	-	-	-	-	(53)	-	-	(21,464)	(21,517)	(320)	(21,837)
Total comprehensive loss for the period	-	-	-	-	(53)	-	-	-	-	-	-
Transactions with equity holders of the Company											
Contributions and distributions											
Conversion of convertible note (Note 21)	250	7,082	-	-	-	(1,889)	-	-	5,443	-	5,443
Recognition of equity-settled share-based payments (Note 23)	-	-	-	-	-	-	23,032	-	23,032	-	23,032
Issue of shares pursuant to settlement of promissory notes (Note 21)	501	34,599	-	-	-	-	-	-	35,100	-	35,100
Issue of Shares pursuant to placing (Note 21)	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 22)	-	-	-	(263)	-	-	-	-	(263)	-	(263)
Derecognition of a subsidiary	-	-	314	-	-	-	-	-	314	-	314
	1,321	98,807	314	(263)	-	(1,889)	23,032	-	121,322	-	121,322
At 31 March 2023 (unaudited)	8,533	213,410	466	1,393	(5,010)	-	23,032	(72,179)	169,645	(821)	168,824

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 March 2024

	Attributable to equity holders of the Company									
	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)	Share option reserve HK\$'000 (Note v)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 October 2023 (audited)	8,920	235,268	449	1,259	(5,131)	22,888	(64,434)	199,229	(1,003)	198,226
Loss for the period	-	-	-	-	-	-	(15,177)	(15,177)	(178)	(15,355)
Other comprehensive loss for the period	-	-	-	-	(66)	-	-	(66)	-	(66)
Items that will not be reclassified to profit or loss	-	-	-	-	(66)	-	-	(66)	-	(66)
Fair value loss on Designated FVOCI	-	-	-	-	(66)	-	(15,177)	(15,243)	(178)	(15,421)
Total other comprehensive loss for the period	-	-	-	-	(66)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-
Transactions with equity holders of the Company	-	-	-	-	-	(54)	54	-	-	-
Contributions and distributions	-	-	-	-	-	-	-	-	-	-
Cancellation of share options	-	-	-	-	-	-	-	-	-	-
At 31 March 2024 (unaudited)	8,920	235,268	449	1,259	(5,197)	22,844	(79,557)	183,986	(1,181)	182,805



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 March 2024

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 with functional currencies other than in Hong Kong dollars upon consolidation.
- (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 unconverted convertible note issued by the Company.
- (vi) Share option reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 March 2024*

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(11,738)	(18,827)
INVESTING ACTIVITIES		
Increase in time deposit	(1,502)	–
Net cash flows on acquisition of a subsidiary	–	378
Net cash flows on disposal of a subsidiary	–	(6,425)
Consideration received for disposal of a subsidiary	5,500	7,000
Purchase of plant and equipment	(29)	(955)
Purchase of financial assets at FVPL	–	(13,702)
Purchase of Designated FVOCI	–	(3)
Proceeds from disposal of financial assets at FVPL	–	4,879
Proceeds from disposal of Designated FVOCI	–	148
Proceeds from disposal of other investments	–	620
Net cash from (used in) investing activities	3,969	(8,060)
FINANCING ACTIVITIES		
Issue of share capital	–	39,330
Repayment of bank borrowings	(1,601)	(1,311)
Interest paid	(443)	(424)
Lease payments	(1,913)	(2,695)
Net cash (used in) from financing activities	(3,957)	34,900
Net (decrease) increase in cash and cash equivalents	(11,726)	8,013
Cash and cash equivalents at beginning of period	20,593	16,825
Cash and cash equivalents at end of period, represented by bank balances – general accounts and cash	8,867	24,838

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offer on 26 May 2017. The 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) asset management services, (iv) business consultancy 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 2024 (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 31 May 2024.

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 2023 (the “**2022/23 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 2023:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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 2022/23 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, review 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 2024

	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	14,631	29,437	-	44,068
Other income, net	114	1,664	-	1,778
	<u>14,745</u>	<u>31,101</u>	<u>-</u>	<u>45,846</u>
Results				
Segment profit (loss)	<u>296</u>	<u>(8,636)</u>	<u>-</u>	<u>(8,340)</u>
Unallocated other losses, net				(3,859)
Unallocated corporate expenses				<u>(3,151)</u>
Loss before tax				<u>(15,350)</u>

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>
Results				
Segment profit (loss)	<u>2,626</u>	<u>(6,199)</u>	<u>5,008</u>	1,435
Unallocated other income, net				3,757
Unallocated corporate expenses				<u>(26,372)</u>
Loss before tax				<u>(21,180)</u>

Information about geographical areas

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

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Hong Kong	40,306	34,610
The PRC	1,956	2,874
Canada	1,806	1,944
	44,068	39,428
<u>Discontinued operations</u>		
Hong Kong	-	160

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
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<u>Continuing operations</u>		
Hong Kong	56,979	63,447
The PRC	44,509	37,159
Canada	4,794	5,716
	106,282	106,322

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:

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Customer A	7,759	7,098

4. REVENUE

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Licensed business		
<i>Revenue from contracts with customers within HKFRS 15</i>		
Corporate finance advisory services	3,839	6,446
Placing and underwriting services	10,266	271
Asset management services	9	42
	14,114	6,759

Six months ended

31 March

2024

2023

HK\$'000

HK\$'000

(Unaudited)

(Unaudited)

Non-licensed business

Revenue from contracts with customers within

HKFRS 15

Accounting and taxation services	17,530	18,038
Business consulting services	2,589	2,707
ESG advisory services	1,864	3,007
Risk management and internal control advisory services	3,899	5,558
Corporate secretarial services	3,122	2,539
Human resources services	950	820
	29,954	32,669
Total	44,068	39,428

Discontinued operations

Licensed business

Revenue from contracts with customers within

HKFRS 15

Brokerage commission	-	106
Clearing, settlement and handling fee income	-	2
	-	108

Interest revenue calculated using the effective interest method

Interest income from cash and margin clients	-	52
Total (Note 9)	-	160

5. OTHER (LOSS) INCOME, NET

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Net (loss) gain on disposal of financial assets at FVPL	(1,863)	1,811
Government subsidies (<i>Note</i>)	-	752
Bad debts recovery	5	-
Interest income	41	140
Net unrealised (loss) gain on financial assets at FVPL	(44)	2,287
Others	(220)	(393)
	<u>(2,081)</u>	<u>4,597</u>
<u>Discontinued operations</u> (<i>Note 9</i>)		
Government subsidies (<i>Note</i>)	-	12
Others	-	-
	<u>-</u>	<u>12</u>

Note:

During the six months ended 31 March 2024, the Group did not recognise any government subsidies (2023: approximately HK\$764,000) from subsidy schemes of Hong Kong SAR Government:

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Employment Support Scheme	-	675
Financial Industry Recruitment Scheme for Young Graduates	-	77
	<u>-</u>	<u>752</u>
<u>Discontinued operations</u>		
Employment Support Scheme	-	12

6. FINANCE COSTS

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Interest expenses on convertible note	-	57
Interest expenses on bank borrowings	443	424
Interest expenses on lease liabilities	317	280
Interest expenses on promissory notes	-	101
	<hr/>	<hr/>
	760	862
<u>Discontinued operations</u>		
Interest expenses on lease liabilities (Note 9)	-	4
	<hr/>	<hr/>
	760	866
	<hr/> <hr/>	<hr/> <hr/>

7. LOSS BEFORE TAX

This is stated after charging (crediting):

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs (including directors' remuneration):		
<u>Continuing operations</u>		
Employee benefit expense	32,808	30,666
Contributions to defined contribution plans	876	976
Equity-settled share-based payment expenses	–	23,032
	33,684	54,674
<u>Discontinued operations</u>		
Employee benefit expense	–	400
Contributions to defined contribution plans	–	15
	–	415
Total staff costs	33,684	55,089
<u>Continuing operations</u>		
Auditor's remuneration	665	455
Amortisation		
– Intangible assets	811	793
Depreciation		
– Plant and equipment	1,431	1,323
– Right-of-use assets	2,072	1,430
Exchange loss (gain), net	92	(22)
Professional fees	2,639	6,275
Placing and related expenses	7,865	–
	14,475	19,303
<u>Discontinued operations</u>		
Auditor's remuneration	–	25
Depreciation		
– Plant and equipment	–	–
– Right-of-use assets	–	86
Professional fees	–	1

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 2024 and 2023, 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 2024 and 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 2024 and 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 2024 and 2023, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose.

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Continuing operations</u>		
Current tax		
PRC Enterprise Income Tax	<u>5</u>	<u>604</u>
Income tax expenses for continuing operations	<u>5</u>	<u>604</u>

9. DISCONTINUED OPERATIONS

On 23 December 2022, the 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 "**Disposal**"), 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. In December 2023, the Company disposed its remaining equity interest in Wealth Link Securities.

The results of the discontinued operations for the six months ended 31 March 2024 and the period from 1 October 2022 to 23 December 2022 (date of completion of the Disposal) are as follows:

	Six months ended 31 March 2024 HK\$'000 (Unaudited)	Period from 1 October 2022 to 23 December 2022 HK\$'000 (Unaudited)
Revenue (Note 4)	–	160
Other income, net (Note 5)	–	12
Administrative expenses and other operating expenses	–	(778)
Finance costs (Note 6)	–	(4)
	<hr/>	<hr/>
Loss before tax	–	(610)
Income tax expense	–	–
	<hr/>	<hr/>
Loss for the period from discontinued operations	–	(610)
Gain on the Disposal (Note)	–	5,618
	<hr/>	<hr/>
Profit for the period from discontinued operations	<hr/> <hr/>	<hr/> <hr/> 5,008

Note:

The details of major classes of assets and liabilities of Wealth Link Securities held for sale measured at the lower of carrying amount and fair value less costs to sell at 23 December 2022 (date of completion of the Disposal) are as follows:

HK\$'000**Net assets of Wealth Link Securities:**

Intangible assets	500
Right-of-use assets	458
Other deposits	205
Trade receivables arising from the business of securities brokerage	
– Cash clients	5,461
– Margin clients	60
Other receivables	169
Bank balances – client accounts	41,109
Bank balances – general accounts and cash	6,425
Trade payables arising from the business of dealing in securities	(43,887)
Other payables	(176)
Lease liabilities	(463)
	<hr/>
	9,861
Interests in financial assets at FVPL retained	(1,479)
Gain on the Disposal	<hr/>
	5,618
Consideration	<hr/> <hr/>
	14,000

10. LOSS PER SHARE

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

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share		
– Continuing operations	(15,177)	(26,472)
– Discontinued operations	–	5,008
	(15,177)	(21,464)
	Six months ended 31 March	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	35,681	30,878

Diluted loss per share is same as basic loss per share for the six months ended 31 March 2024 and 2023 as the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in the basic loss per share.

For the six months ended 31 March 2023, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted to take into effect of the Share Consolidation (as defined in note 21 below) with effect from 5 January 2024 and as if it had been effective on 1 October 2022.

11. GOODWILL

During the six months ended 31 March 2024, there is no movement in the 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**”).

Reconciliation of carrying amount

– Six months ended 31 March 2024

	Canada Business CGU HK\$'000	APEC Business CGU HK\$'000	Greater Bay Area Business CGU HK\$'000	Total HK\$'000
Carrying amount				
At the beginning (audited) and end of the reporting period (unaudited)	<u>1,211</u>	<u>42,460</u>	<u>40,887</u>	<u>84,558</u>
At 31 March 2024				
Cost	23,966	42,460	40,887	107,313
Accumulated impairment loss	<u>(22,755)</u>	<u>–</u>	<u>–</u>	<u>(22,755)</u>
Net carrying amount				
(unaudited)	<u>1,211</u>	<u>42,460</u>	<u>40,887</u>	<u>84,558</u>

12. INTANGIBLE ASSETS

The intangible assets represent customer base arising from the acquisition of APEC GROUP INTERNATIONAL LIMITED ("APEGIL") and Earning Joy Development Limited ("Earning Joy"), which have allowed the Group to stabilise the revenue base from non-licensed business operating by APEGIL, Earning Joy and their subsidiaries. No impairment loss was recognised for the six months ended 31 March 2024.

Reconciliation of carrying amount – Six months ended 31 March 2024

	<i>HK\$'000</i>
At 1 October 2023 (audited)	3,452
Amortisation	(811)
	<hr/>
At 31 March 2024 (unaudited)	<u><u>2,641</u></u>

13. 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 2024, the Group acquired plant and equipment of approximately HK\$29,000 (2023: approximately HK\$955,000).

Additions to the right-of-use assets for the six months ended 31 March 2024 amounted to approximately HK\$2,968,000 (2023: nil) due to lease of office premises.

As at 31 March 2024, the carrying amounts of plant and equipment and right-of-use assets were approximately HK\$9,233,000 (30 September 2023: approximately HK\$10,360,000) and HK\$9,265,000 (30 September 2023: approximately HK\$7,952,000) respectively.

The Group's depreciation during the six months ended 31 March 2024 amounted to approximately HK\$1,431,000 (2023: approximately HK\$1,323,000) and HK\$2,072,000 (2023: approximately HK\$1,430,000) in respect of plant and equipment and right-of-use assets respectively.

(ii) Lease liabilities

As at 31 March 2024, the carrying amount of lease liabilities was approximately HK\$10,072,000 (30 September 2023: approximately HK\$8,512,000).

(iii) Amounts recognised in profit or loss

	Six months ended	
	31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation on plant and equipment	1,431	1,323
Depreciation on right-of-use assets	2,072	1,430
Finance costs on lease liabilities	317	280

(iv) Other

During the six months ended 31 March 2024, the total cash outflow for leases amounted to approximately HK\$2,667,000 (2023: approximately HK\$3,101,000).

14. DESIGNATED FVOCI

	At	At
	31 March	30 September
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Equity securities listed overseas	750	816

During the six months ended 31 March 2024, the fair value loss on these equity securities of approximately HK\$66,000 was recognised in other comprehensive income (2023: approximately HK\$53,000).

Details of the fair value measurements are set out in note 25 to the Condensed Consolidated Financial Statements.

15. FINANCIAL ASSETS AT FVPL

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Derivatives – unlisted options issued by companies listed overseas	332	332
Equity securities listed in Hong Kong and overseas	698	1,360
Unlisted equity securities in Hong Kong	–	1,764
Payment for life insurance policy	1,464	1,434
Unlisted investment fund (<i>Note i</i>)	31,600	31,600
Investment in mobile applications (<i>Note ii</i>)	21,400	21,400
	<u>55,494</u>	<u>57,890</u>
Analysed as:		
Current	32,630	35,056
Non-current	22,864	22,834
	<u>55,494</u>	<u>57,890</u>

Notes:

- (i) The balance represented unlisted investment fund subscribed from independent financial institutions in Hong Kong (the “**Fund**”). The Fund is managed by a subsidiary of the Company and has an investment focus on electric vehicle, new and renewable energy and/or other environmental, social and governance investment in the PRC and Hong Kong. The portfolio of the Fund mainly comprises unlisted equity investments in the business of manufacturing of interior decorative parts of automotive and aluminium battery components for electric motor vehicles.
- (ii) In June 2023, APEC Business Services Limited (“**APEC Business**”), a wholly-owned subsidiary of the Company, agreed to pay a sum of HK\$15,000,000 to an independent third party, Regal Crown Technology Limited (“**Regal Crown**”), which will be used to finance the costs and expenses incurred by Regal Crown for the development and upgrade of its RC2.0 App (a mobile application providing users with personal wealth management solutions) to RC3.0 App. Regal Crown shall grant APEC Business the exclusive and irrevocable right to share the benefit and receive 50% of any income and revenue generated from the use of the RC3.0 App. For detailed terms of the transaction, please refer to the announcements of the Company dated 23 June 2023 and 18 July 2023. As the Group has a contractual right to receive cash in this arrangement for 15 years from the date of launch, the investment is classified as a non-current financial asset at FVPL.

Details of the fair value measurements are set out in note 25 to the Condensed Consolidated Financial Statements.

16. TRADE AND OTHER RECEIVABLES

	At 31 March 2024 <i>HK\$'000</i> (Unaudited)	At 30 September 2023 <i>HK\$'000</i> (Audited)
Trade receivables		
Trade receivables	25,241	33,296
Less: Loss allowance	(1,414)	(860)
	23,827	32,436
Other receivables		
Prepayment	973	1,993
Deposits and other receivables	27,772	30,149
Less: Loss allowance	(2,427)	(2,427)
	26,318	29,715
	50,145	62,151

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:

	At 31 March 2024 <i>HK\$'000</i> (Unaudited)	At 30 September 2023 <i>HK\$'000</i> (Audited)
Within 30 days	4,122	14,416
31 to 60 days	1,085	2,336
61 to 90 days	2,082	2,204
Over 90 days	16,538	13,480
	23,827	32,436

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

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Not yet due	<u>1,885</u>	<u>16,480</u>
Past due:		
Within 30 days	2,472	1,681
31 to 60 days	2,277	1,143
61 to 90 days	1,295	3,772
Over 90 days	<u>15,898</u>	<u>9,360</u>
	<u>21,942</u>	<u>15,956</u>
	<u>23,827</u>	<u>32,436</u>

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.

There is no movement in the loss allowance in respect of other receivables during the six months ended 31 March 2024. The movement in the loss allowance in respect of trade receivables is summarised below:

	HK\$'000
At 1 October 2023 (audited)	860
Increase in allowance	649
Amount written off as uncollectible	<u>(95)</u>
At 31 March 2024 (unaudited)	<u>1,414</u>

17. TRADE AND OTHER PAYABLES

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Trade payables		
Trade payables arising from clients account under the business of corporate finance advisory services	–	24,587
Other payables		
Accrual and other payables	<u>5,487</u>	<u>12,174</u>
	<u>5,487</u>	<u>36,761</u>
Analysed as:		
Current	<u>5,337</u>	<u>36,611</u>
Non-current	<u>150</u>	<u>150</u>
	<u>5,487</u>	<u>36,761</u>

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

18. INTEREST-BEARING BORROWINGS

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 HK\$'000 (Audited)
Secured bank borrowings repayable on demand	<u>23,020</u>	<u>24,621</u>

Bank borrowings as at 31 March 2024 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 2023: 2.25% below HSBC Prime Rate or 2.5% below DBS Prime Rate).

As at 31 March 2024 and 30 September 2023, 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 2024 and 30 September 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:

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 <i>HK\$'000</i> (Audited)
Within one year	3,289	3,272
In the second year	3,410	3,375
In the third to fifth years inclusive	14,197	10,761
Over five years	2,124	7,213
	23,020	24,621

19. LOAN PAYABLES

	At 31 March 2024 HK\$'000 (Unaudited)	At 30 September 2023 <i>HK\$'000</i> (Audited)
Government loan (<i>Note</i>)	-	240

Note:

The amount represents the government loan from Canadian Government of CAD40,000 (equivalent to approximately HK\$240,000). The amount was unsecured, interest free and repaid in December 2023.

20. 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 APEGIL. 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.

The convertible note was matured on 31 October 2023. Details of movements in the convertible note during the six months ended 31 March 2024 are as follows:

HK\$'000

Liability component

At 1 October 2023 (audited)	932
Reallocated to other payables upon maturity	(932)
	<hr/>
At 31 March 2024 (unaudited)	-
	<hr/> <hr/>

21. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Ordinary shares of HK\$0.01 each (before Share Consolidation) and HK\$0.25 each (after Share Consolidation)</i>		
Authorised:		
At 1 October 2022 (audited), 30 September 2023 (audited) and 1 October 2023 (audited)	2,000,000,000	20,000
Share Consolidation (Note a)	(1,920,000,000)	—
At 31 March 2024 (unaudited)	80,000,000	20,000
Issued and fully paid:		
At 1 October 2022 (audited)	721,200,000	7,212
Issue of consideration shares (Note b)	38,640,000	386
Conversion of convertible note (Note c)	25,000,000	250
Issue of settlement shares (Note d)	50,144,000	501
Issue of placing shares (Note e)	57,000,000	570
Exercise of shares options (Note f)	50,000	1
At 30 September 2023 (audited) and 1 October 2023 (audited)	892,034,000	8,920
Share Consolidation (Note a)	(856,352,640)	—
At 31 March 2024 (unaudited)	35,681,360	8,920

Notes:

- (a) Pursuant to an ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting held on 3 January 2024, every twenty-five issued and unissued shares of HK\$0.01 each in the share capital of the Company were consolidated into one share of HK\$0.25 each with effect from 5 January 2024 (the **"Share Consolidation"**).
- (b) 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.
- (c) 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.

In 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.
- (d) 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.
- (e) 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.
- (f) On 21 June 2023, share options were exercised at the subscription price of HK\$0.88 per share, resulting in the issue of 50,000 shares for proceeds of HK\$44,000.

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

22. BUSINESS COMBINATION

On 1 November 2022, the Company acquired the entire issued shares of 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.

23. 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 2024, 44,600,000 share options have been granted by the Company to the Directors and employees of the Group.

During the Period, no equity-settled share-based payment expenses (2023: approximately HK\$23,032,000) for the Share Option Scheme were recognised in profit or loss.

During the Period, 23,600 share options were cancelled and no share options were issued, exercised, or lapsed. At the time when the share options are subsequently exercised, the amount previously recognised in share option reserve will be transferred to share premium.



24. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 31 March 2024 (2023: nil).

25. 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		Fair value hierarchy	Valuation techniques
	31 March 2024	30 September 2023		
	HK\$'000 (Unaudited)	HK\$'000 (Audited)		
– Investments in listed equity securities classified as Designated FVOCI	750	816	Level 1	Quoted prices in an active market
– Investments in listed equity securities classified as financial assets at FVPL	698	1,360	Level 1	Quoted prices in an active market
– Derivatives – unlisted options issued by companies listed overseas classified as financial assets at FVPL	332	332	Level 2	Derived from Black-Scholes option pricing model
– Unlisted investments – payment for life insurance policy classified as financial assets at FVPL	1,464	1,434	Level 3	Surrender cash value (including guaranteed interest) reported by the financial institution on a regular basis
– Investments in unlisted funds classified as financial assets at FVPL	31,600	31,600	Level 3	Asset approach
– Investment in mobile applications classified as financial assets at FVPL	21,400	21,400	Level 3	Income approach
– Investments in unlisted equity securities classified as financial assets at FVPL	–	1,764	Level 3	Adjusted net asset value as reported by management

During the six months ended 31 March 2024, there were no transfers of fair value measurements between Level 1 and Level 2 (2023: nil) and no transfers into or out of Level 3 (2023: nil).

Details of movements in the fair value measurements categorised as Level 3 of the fair value hierarchy during the six months ended 31 March 2024 are as follows:

	HK\$'000
At 1 October 2023 (audited)	56,198
Additions	–
Disposal	(1,764)
Fair value change in profit or loss	30
	<hr/>
At 31 March 2024 (unaudited)	54,464
	<hr/> <hr/>

(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 the following wholly-owned subsidiaries of the Company:

<p>VBG Capital Limited (“VBG Capital”)</p>	<p>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.</p>
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<p>VBG Asset Management Limited</p>	<p>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.</p>
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Corporate finance advisory business continues to be the core business of the Group's Licensed Business. During the six months ended 31 March 2024 (the "**Period**"), corporate finance advisory business accounted for approximately 8.7% 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 23.3% 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 the Company's wholly-owned subsidiaries in Hong Kong, APEC GROUP INTERNATIONAL LIMITED and VBG Asia Limited; and the Company's wholly-owned subsidiary in Canada, Baron Global Financial Canada Ltd. During the Period, business consulting services accounted for approximately 5.9% 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 39.7%, 7.1%, 4.2%, 2.2% and 8.8% 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, for the period from 1 October 2022 to 23 December 2022. 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, Wealth Link Securities ceases to be a subsidiary of the Company and the financial result, assets and liabilities of Wealth Link Securities will no longer be consolidated into the accounts of the Group. In December 2023, the Company disposed its remaining equity interest in Wealth Link Securities.

Subscription of new shares under general mandate

On 23 February 2024, the Company as issuer entered into a subscription agreement (the “**Subscription Agreement**”) with Mr. Gan Fanglun (“**Mr. Gan**”) as subscriber, pursuant to which Mr. Gan conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot, an aggregate of 7,136,000 new shares of the Company at the subscription price of HK\$1.40 per subscription share under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting held on 23 February 2024 (the “**Subscription**”). The aggregate nominal value of the subscription shares was HK\$1,784,000. The closing price quoted on the Stock Exchange per ordinary share of the Company as at the date of the Subscription Agreement was HK\$0.95. The net proceeds from the Subscription are approximately HK\$10.0 million and the net issue price was approximately HK\$1.40 per subscription share. The Directors consider that the Subscription represents a good opportunity to strengthen the capital base of the Company. Completion of the Subscription had taken place as at the date of this report and the Company intended to apply the net proceeds from the Subscription as general working capital of the Group. Details of the Subscription were set out in the announcements of the Company dated 23 February 2024 and 22 May 2024.

FINANCIAL REVIEW

Continuing 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 11.9% to approximately HK\$44.1 million (2023: approximately HK\$39.4 million). The increase in revenue was mainly contributed by an increase in revenue generated from placing and underwriting services.

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\$7.3 million or 107.4% to approximately HK\$14.1 million for the Period (2023: approximately HK\$6.8 million). The increase in revenue was primarily attributable to a combined effect of (i) a decrease in revenue from corporate finance advisory services of approximately HK\$2.6 million; and (ii) an increase in revenue from placing and underwriting services of approximately HK\$10.0 million during the Period.



The decrease in revenue from corporate finance advisory services was mainly due to (i) a decrease 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\$0.4 million for the Period.

Non-Licensed Business

The revenue from Non-Licensed Business decreased by approximately HK\$2.7 million or 8.3% to approximately HK\$30.0 million for the Period (2023: approximately HK\$32.7 million). Such decrease was mainly due to a decrease in revenue generated from risk management and internal control advisory services and ESG advisory services.

Other (loss) income, net

The Group's other loss/income mainly represented government subsidies, net gain/loss on disposal of financial assets at FVPL and net unrealised gain/loss on financial assets at FVPL.

The Group recorded other loss of approximately HK\$2.1 million during the Period, as compared to other income of approximately HK\$4.6 million for the six months ended 31 March 2023. The change from other income to other loss is mainly attributable to (i) the recognition of net loss on disposal of financial assets at FVPL of approximately HK\$1.9 million (2023: gain of approximately HK\$1.8 million); (ii) the recognition of net unrealised loss on financial assets at FVPL of approximately HK\$44,000 (2023: gain of approximately HK\$2.3 million); and (iii) the absence of receipt of government subsidies (2023: approximately HK\$752,000) 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 decreased by approximately HK\$13.5 million, or approximately 19.5%, from approximately HK\$69.4 million for the six months ended 31 March 2023 to approximately HK\$55.9 million for the Period. Such decrease was mainly attributable to a combined effect of (i) the absence of recognition of equity-settled share-based payment expenses during the Period (2023: approximately HK\$23.0 million) in relation to the grant of share options by the Company under the Share Option Scheme; and (ii) an increase in placing and related expenses of approximately HK\$7.9 million (2023: nil) during the Period in relation to placing and underwriting services provided by the Group.

Finance costs

The Group's finance costs decreased to approximately HK\$760,000 for the Period from approximately HK\$862,000 for the six months ended 31 March 2023, mainly because no interest expenses were incurred on convertible note and promissory notes during the Period.

Loss for the period

As a result of foregoing, the Group recorded a loss from continuing operations of approximately HK\$15.4 million for the Period as compared to a loss of approximately HK\$26.8 million for the six months ended 31 March 2023.

Discontinued Operations

The Group did not record any profit or loss from discontinued operations for the Period (2023: net profit of approximately HK\$5.0 million) as completion of the Disposal had taken place in December 2022.



MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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 2024, 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\$0.4 million (2023: approximately HK\$1.0 million).

Save as disclosed above, the Group did not have any charges on its assets or material contingent liabilities as at 31 March 2024.

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 2024 and up to the date of approval of this report.

PROSPECTS

With an expected similar, if not better, business environment in 2024 compared to 2023, 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 and the opportunities arising therefrom.

OTHER INFORMATION

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 2024, 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	6,398,800 (Note 1)	200,000	6,598,800	18.49%
Mr. Hui Ringo Wing Kun (“Mr. Hui”)	Interests of controlled corporation/ Beneficial owner	700,000 (Note 2)	200,000	900,000	2.52%
Mr. Yeung Chun Yue David (“Mr. Yeung”)	Interests of controlled corporation/ Beneficial owner	1,320,000 (Note 3)	200,000	1,520,000	4.26%
Mr. William Robert Majcher	Beneficial owner	–	8,000	8,000	0.02%
Mr. Ho Lik Kwan Luke	Beneficial owner	–	8,000	8,000	0.02%
Mr. Lau Pak Kin Patric	Beneficial owner	–	8,000	8,000	0.02%

Notes:

- (1) These 6,398,800 Shares include 4,549,200 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 1,849,600 Shares.
- (2) These 700,000 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 1,320,000 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. The number of share options had been adjusted following the effective date of the Share Consolidation.
- (5) The approximate percentage of shareholdings is based on 35,681,360 Shares in issue as at 31 March 2024.

Save as disclosed above, as at 31 March 2024, 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 2024, 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	4,549,200	–	4,549,200 (Note 1)	12.75%

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 35,681,360 Shares in issue as at 31 March 2024.

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 2024 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. Following the Share Consolidation, as at 31 March 2024, there were 1,767,600 (2023: 44,600,000) outstanding share options in aggregate, which have been vested and are issuable for 1,767,600 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 2024 were as follows:

Name or category of grantees	Date of grant	Exercise period	Vesting date	Number of share options					Exercise price per share before Share Consolidation (HK\$)	Exercise price per share after Share Consolidation (HK\$)
				Outstanding as at 1 October 2023	Granted during the Period (Note 1)	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Adjustment upon Share Consolidation (Note 2)	Outstanding as at 31 March 2024
Directors/Substantial shareholder										
Li Man Kaung Edwin	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	5,000,000	-	-	-	-	(4,800,000)	200,000
Hui Ringo Wing Kun	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	5,000,000	-	-	-	-	(4,800,000)	200,000
Yeung Chun Yue David	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	5,000,000	-	-	-	-	(4,800,000)	200,000
William Robert Majcher	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	200,000	-	-	-	-	(192,000)	8,000
Ho Lik Kwai Luke	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	200,000	-	-	-	-	(192,000)	8,000
Lau Pak Kin Patric	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	200,000	-	-	-	-	(192,000)	8,000
Sub-total				15,600,000	-	-	-	-	(14,976,000)	624,000
Employees in aggregate	30 December 2022	30 December 2022 to 29 December 2032	Vested on date of grant	28,700,000	-	-	-	(23,600)	(27,532,800)	1,143,600
Total				44,300,000	-	-	-	(23,600)	(42,508,800)	1,767,600

Notes:

- (1) The closing price of the Shares on the trading day immediately before the grant date was HK\$0.90 per Share.
- (2) As a result of the Share Consolidation which became effective on 5 January 2024, the exercise price per share and the number of outstanding share options granted under the Share Option Scheme have been adjusted accordingly.
- (3) 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 zero.
- (4) The number of share options available for grant under the Share Option Scheme at 1 October 2023 and 31 March 2024 was 6,720,000 and 268,800 respectively.

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

Save for the Subscription, 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.

COMPETING INTERESTS

As at 31 March 2024, 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 CODE

During the Period, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the “**Required Standard of Dealings**”). Having made specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings throughout the Period and up to the date 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 CG 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.

The Audit Committee has reviewed the unaudited results of the Group for the Period and is of the opinion that the preparation of such results has complied with applicable accounting standards and the GEM Listing Rules, and that adequate disclosures have 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, 31 May 2024