VBG International Holdings Limited
建泉國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8365

Annual Report
2017-2018

* *For identification purpose only*

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Wan Ho Yan Letty *(Chairperson)*
Mr. Hui Ringo Wing Kun

Non-Executive Director

Mr. Wan Chuen Fai

Independent Non-Executive Directors

Mr. Kam Cheuk Fai David
Mr. William Robert Majcher
Mr. Ho Lik Kwan Luke

BOARD COMMITTEES

Audit Committee

Mr. Ho Lik Kwan Luke *(Chairman)*
Mr. Kam Cheuk Fai David
Mr. William Robert Majcher

Nomination Committee

Mr. William Robert Majcher *(Chairman)*
Mr. Kam Cheuk Fai David
Mr. Ho Lik Kwan Luke

Remuneration Committee

Mr. Kam Cheuk Fai David *(Chairman)*
Mr. Hui Ringo Wing Kun
Mr. William Robert Majcher
Mr. Ho Lik Kwan Luke

COMPLIANCE OFFICER

Mr. Hui Ringo Wing Kun

COMPANY SECRETARY

Mr. Lo Tsz Kit Harry

AUTHORIZED REPRESENTATIVES

Mr. Hui Ringo Wing Kun
Mr. Lo Tsz Kit Harry

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

COMPLIANCE ADVISER

Dakin Capital Limited
Room 2701, Admiralty Centre
Tower 1, 18 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Mazars CPA Limited
42/F., Central Plaza
18 Harbour Road
Wanchai
Hong Kong

TRADING STOCK CODE

8365

COMPANY'S WEBSITE

www.vbg-group.com

Financial Highlights

Year ended 30 September 2018

– The Company and its subsidiaries (the "**Group**") recorded a revenue of approximately HK$76.7 million for the year ended 30 September 2018, representing an increase of approximately 21.2% when compared with the revenue of approximately HK$63.3 million for the year ended 30 September 2017.

– The Group recorded a profit of approximately HK$24.1 million for the year ended 30 September 2018 as compared with a profit of approximately HK$16.0 million for the year ended 30 September 2017. The profit for the year ended 30 September 2018 was mainly attributable to (i) an increase in the total number of engagements for placing and underwriting from nil for the year ended 30 September 2017 to 15 for the year ended 30 September 2018; and (ii) an increase in the total number of engagements for corporate finance advisory services from 50 for the year ended 30 September 2017 to 55 for the year ended 30 September 2018.

– The basic and diluted earnings per share for the year ended 30 September 2018 was approximately HK4.70 cents and the basic and diluted earnings per share for the year ended 30 September 2017 was approximately HK3.72 cents.

– The Directors proposed to recommend the payment of a final dividend of HK$0.02 per share for the year ended 30 September 2018.

Chairperson's Statement

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of VBG International Holdings Limited (the "**Company**"), I am pleased to present to you the annual report of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 September 2018.

REVIEW

During the year under review, global financial markets were affected by various uncertainties, such as concerns arising from the Sino-US trade war and U.S. interest rate hike, giving rise to an increase in volatility in the Hong Kong stock market.

Despite the uncertain market situation, I am pleased to report that for the year ended 30 September 2018, the Group recorded a profit of approximately HK$24.1 million as compared with a profit of HK$16.0 million for the year ended 30 September 2017. The profit for the year ended 30 September 2018 was mainly attributable to (i) an increase in the total number of engagements for placing and underwriting from nil for the year ended 30 September 2017 to 15 for the year ended 30 September 2018; and (ii) an increase in the total number of engagements for corporate finance advisory services from 50 for the year ended 30 September 2017 to 55 for the year ended 30 September 2018.

In order to expand our consultancy business network and capabilities, we have entered into the memorandum of understanding with PA Ergon Legal in Italy; the acquisition of Baron Global Financial Canada Ltd. in Canada, and the strategic cooperation agreement with 广发证券股份有限公司珠海分公司 in the PRC.

OUTLOOK

Whilst the impact on Hong Kong's economy from the Sino-US trade war and rising interest rate in the U.S. remains to be seen, we expect the Hong Kong stock market to remain volatile in 2019. Notwithstanding such uncertain market conditions, the Group is committed to exploring opportunities to expand our corporate finance advisory business; to actively participate in placing and underwriting activities in primary and secondary market fund raising exercises; and to expand our network internationally and across the PRC.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their continuous support, and to our management and staff members for their diligence and contribution to the growth of the Group

Yours sincerely,
Wan Ho Yan Letty
Chairperson and Executive Director

Hong Kong, 7 December 2018

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services, mainly to companies listed on the Stock Exchange, non-listed companies and potential listing applicants on the Stock Exchange and stock exchanges in North America mainly in Hong Kong, the People's Republic of China (the "**PRC**"), Asia, Europe and North America. The Group's corporate finance advisory services include advising on transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Listing Rules on GEM of the Stock Exchange (the "**GEM Listing Rules**") or the Takeovers Code in the capacity of financial advisers; giving opinions or recommendations to the independent board committees and independent shareholders of our customers in the capacity of independent financial advisers; acting as sponsor in IPO exercises, advising companies on compliance requirements and acting as compliance adviser to listed companies post-IPO. In respect of providing placing and underwriting services, the Group acts as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fund-raising exercise. The Group's business consulting services include reviewing potential customers' business, capital structure and corporate strategic plans, advising on financial reporting, corporate management, internal control and corporate governance, and advising on mergers and acquisitions.

FINANCIAL REVIEW

Revenue

The Group's revenue was derived from three principal sources, namely, provision of corporate finance advisory services; provision of placing and underwriting services; and provision of business consulting services.

For the year ended 30 September 2018, the Group recorded an increase in total revenue by approximately 21.2% to approximately HK$76.7 million (2017: approximately HK$63.3 million) primarily attributable to an increase in the overall number of high value transactions (over HK$1 million) handled by the Group from 19 for the year ended 30 September 2017 to 23 for the year ended 30 September 2018.

For the year ended 30 September 2018, the Group's revenue generated from the provision of corporate finance advisory services increased by approximately 16.6% to approximately HK$51.3 million (2017: approximately HK$44.0 million), accounting for approximately 66.8% of the Group's total revenue (2017: approximately 69.4%). Such increase was primarily attributable to (i) successful completion of two IPO sponsorship projects on GEM and Main Board during the year ended 30 September 2018 and substantial completion of one IPO sponsorship project which was subsequently listed on GEM in October 2018, respectively, in which we acted as sponsor; and (ii) an increase in the total number of engagements for corporate finance advisory services from 50 during the year ended 30 September 2017 to 55 during the year ended 30 September 2018.

For the year ended 30 September 2018, the Group's revenue generated from the provision of placing and underwriting services was approximately HK$11.1 million (2017: nil) primarily attributable to an increase in the total number of engagements for placing and underwriting services from nil during the year ended 30 September 2017 to 15 during the year ended 30 September 2018.

For the year ended 30 September 2018, the Group's revenue generated from the provision of business consulting services decreased by approximately 25.8% to approximately HK$14.4 million (2017: approximately HK$19.4 million) mainly due to a slowdown in high value transaction related to cross-border M&A activities between Italy and the PRC.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses mainly comprised staff costs and related expenses, rental expenses, professional fees and Listing expenses.

For the year ended 30 September 2018, the Group's administrative expenses and other operating expenses increased by approximately 10.5% to approximately HK$47.2 million (2017: approximately HK$42.7 million). Such increase was primarily attributable to (i) an increase in staff costs and related expenses to approximately HK$33.6 million (2017: approximately HK$23.8 million), (ii) an increase in professional fees mainly related to the continuing listing obligations to approximately HK$2.4 million (2017: approximately HK$1.1 million), and (iii) an increase in operating lease payments on premises to approximately HK$6.0 million (2017: approximately HK$4.7 million), against the non-occurrence of the Listing expenses one-off in nature of approximately HK$9.1 million which was incurred during the year ended 30 September 2017.

The increase in staff costs and related expenses for the year ended 30 September 2018 was mainly attributable to (i) new headcount by way of business acquisition, Baron Canada; (ii) expansion of our corporate finance team; and (iii) an increase in discretionary bonus.

Income tax expense

The Group's income tax expense decreased to approximately HK$5.2 million for the year ended 30 September 2018 from approximately HK$5.8 million for the year ended 30 September 2017 resulting from the non-occurrence of the tax non-deductibility of Listing expenses incurred during the year ended 30 September 2017.

Profit for the year

As a result of foregoing, the Group recorded a profit of approximately HK$24.1 million for the year ended 30 September 2018 as compared with a profit of approximately HK$16.0 million for the year ended 30 September 2017.

Net profit margin

For the year ended 30 September 2018, the Group's net profit margin ratio was approximately 31.4% (2017: 25.2%).

Return on total assets

For the year ended 30 September 2018, the Group's return on total assets ratio was approximately 16.3% (2017: 12.4%).

Return on equity

For the year ended 30 September 2018, the Group's return on equity ratio was approximately 18.4% (2017: 13.8%).

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2018, all of the Group's cash and cash equivalents, except (i) a sum of approximately HK$30.5 million in US dollars for treasury purpose, and (ii) a minimum amount of approximately HK$3.8 million and HK$0.1 million, in Canadian dollars and Renminbi, respectively, for settling the operating expenses of the subsidiary in Canada and the PRC subsidiary, were held in Hong Kong dollars.

The Directors are of the view that at the date hereof the Group's financial resources are sufficient to support its business and operations.

Banking borrowings

As at 30 September 2018, the Group had no banking facilities and no borrowings (2017: nil).

Charge on assets

The Group did not have any charges on its assets as at 30 September 2018 (2017: nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2018 (2017: nil).

Current ratio

As at 30 September 2018, the Group's current ratio was approximately 7.4 times (2017: 9.5 times).

Gearing ratio

As at 30 September 2018, the Group did not have any interest-bearing borrowings and hence the gearing ratio was zero (2017: zero).

Capital structure

The Group's equity consists only of ordinary shares.

Our objective in managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for Shareholders. Our overall strategy remains unchanged since the Listing.

Our risk management reviews the capital structure on a regular basis. As part of our review, the management considers the cost of capital and the risk associated with capital and will balance the overall capital structure through the payment of dividends, new share issues as well or sale of assets to reduce debts.

Treasury policies

The Directors will continue to follow a prudent policy in managing the Group's bank balances, trade receivables and financial assets at fair value through profit or loss for the purposes of maintaining the Group's solid and healthy liquidity position.

Management Discussion and Analysis

RISK EXPOSURE

The Board believes that all the major risk factors relevant to the Group have already been listed in the section headed “Risk factors” of the prospectus of the Company dated 15 May 2017 (the “**Prospectus**”). Please refer thereto for more information.

Foreign exchange exposure

Majority of the Group’s revenue is denominated in Hong Kong dollars and the Group’s accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material provided that (i) the available-for-sale financial assets denominated in Canadian dollars, and the bank balance denominated in Canadian dollars and Renminbi is insignificant, and (ii) the bank balance denominated in US dollars is less fluctuated when Hong Kong dollars is pegged to the US dollars. For the year ended 30 September 2018, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The Directors will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

OUTLOOK AND PROSPECTS

Whilst the impact on Hong Kong’s economy from the potential Sino-US trade war and rising interest rate in the U.S. remains to be seen, the Group expects the Hong Kong stock market to remain volatile in 2019. Notwithstanding such uncertain market conditions, the Group is committed to exploring opportunities to expand our corporate finance advisory business; actively participate in placing and underwriting activities in primary and secondary market fund raising exercises; and to expand our network internationally and across the PRC.

Future plan for material investments or capital assets

Save as disclosed in the section headed “Future plans and use of proceeds” of the Prospectus, the Group did not have any other plans for material investment or capital assets as at 30 September 2018.

Use of proceeds

The net proceeds raised by the Company from the Share Offer were approximately HK$58.9 million (based on the final Offer Price of HK$0.68 per Offer Share, being the low-end of the price range stated in the Prospectus), which is lower than the estimated net proceeds of approximately HK$73.4 million (assuming the Offer Price would be HK$0.78 per Offer Share, being the mid-point of the price range stated in the Prospectus).

Management Discussion and Analysis

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus. The adjusted use of proceeds is shown below together with the net proceeds had been utilised, as at 30 September 2018, as follows:

	Adjusted net proceeds HK$ million	**Amount utilised as at 30 September 2018** HK$ million	**Balance** HK$ million
To expand our placing and underwriting business	39.3	–	39.3
To enhance and strengthen our financial advisory business by maintaining and expanding our corporate finance team	5.5	3.4	2.1
To expand our network internationally and across the PRC	12.1	1.6	10.5
General working capital	2.0	2.0	–
Total	58.9	7.0	51.9

As at 30 September 2018, unutilised proceeds of approximately HK$7.8 million were deposited in licensed banks in Hong Kong and unutilised proceeds of approximately HK$44.1 million were placed on short-term interest bearing instrument with licensed banks in Hong Kong.

The Group did not apply the adjusted net proceeds as per the planned time frame with reference to the disclosure in the Prospectus since (a) shrinking in number and size of the placing and underwriting transactions under a pessimistic sentiment about the stock market; and (b) slowdown in cross-border M&A activities arising from the Sino-US trade war and stringent foreign exchange control in the PRC, therefore the Group adopted a conservative and flexible approach by (i) acquiring low risk investment in HSEA and HSEB (see paragraph "Significant Investments Held" for details) for a better yield for the treasury purpose which being early redeemed and the redeemed proceeds denominated in US dollars together with the dividends received has placed on short-term time deposits with licensed banks in Hong Kong; and (ii) placing idle funds on short-term time deposits with licensed banks in Hong Kong. Having demonstrated solid performance for the years ended 30 September 2017 and 2018, the Group decided to apply the internal resources generated from its business operation to acquire Baron Canada which align with its business strategies.

Material acquisitions and disposals of subsidiaries

During the year ended 30 September 2018, the Company completed the acquisition of the entire equity interests in Baron Canada. Save and except such acquisition, the Group did not have any material acquisitions and disposal of subsidiaries during the year ended 30 September 2018.

Management Discussion and Analysis

Significant investments held

Details of the significant investments which were classified as financial assets at fair value through profit or loss, as of and for the year ended 30 September 2017:

2017

Name of investment	Stock exchange and stock code	Cost (in HK$'000)	Purchase date and at 30 Sep 2017	Market value at 30 Sep 2017 (in HK$'000)	Number of shares held	Proportion to total issued share capital of the investments	Size to the Group's net assets at 30 Sep 2017
8.125% Perpetual Subordinated Capital Securities issued by HSBC Holdings plc	NYSE:HSEA	1,733	13 Sep 2017		8,030		
		2,627	14 Sep 2017		12,166		
		702	15 Sep 2017		3,251		
		5,062	30 Sep 2017	4,976	23,447	0.0293%	4.31%
8.00% Perpetual Subordinated Capital Securities, Series 2 issued by HSBC Holdings plc	NYSE:HSEB	6,302	26 Sep 2017		30,000		
		10,503	28 Sep 2017		50,000		
		16,805	30 Sep 2017	16,793	80,000	0.0588%	14.53%
Total			30 Sep 2017	21,769			18.84%

No significant investments which were classified as financial assets at fair value through profit or loss were held as of 30 September 2018.

Management Discussion and Analysis

Performance, strategy and future prospects significant investments which were classified as financial assets at fair value through profit or loss, for the years ended 30 September 2018 and 2017 are detailed as follows:

2018

Name of investment	Cost or market value at 1 Oct 2017 (in HK$'000)	Market value at 30 Sep 2018 (in HK$'000)	Unrealised and realised fair value gain/(loss) (in HK$'000)	Dividend (in HK$'000)	Strategy and future prospects
		Performance for the year ended 30 Sep 2018			
8.125% Perpetual Subordinated Capital Securities issued by HSBC Holdings plc	4,976	–	(416)	237	Acquisition and holding of the short-term investments is for treasury management purpose due to a robust cash position resulting from the unutilised proceeds. In the short run, the Group expects a regular investment return derived from the steady stream of dividend in each quarter subject to a stable price fluctuation. Once the need for the use of proceeds arises, the Group will liquidate the significant investments to support the business plan and strategies as stated in the Prospectus. The relevant risk exposure and policies are discussed in the paragraph headed "RISK EXPOSURE" and set out in note 25 to the consolidated financial statements.
8.00% Perpetual Subordinated Capital Securities, Series 2 issued by HSBC Holdings plc	16,793	–	(1,855)	1,349	
Total	21,769*	–	(2,271)	1,586	

During the year ended 30 September 2018, the Company acquired 8% perpetual subordinated capital securities, Series 2 issued by HSBC Holdings plc ("**HSBC**") which are listed on the New York Stock Exchange at HK$8,402,000 for treasury management purposes.

On 4 May 2018, HSBC issued two irrevocable notices of redemption, pursuant to which HSBC will redeem (i) all outstanding 8.125% perpetual subordinated capital securities on 4 June 2018 and (ii) all outstanding 8% perpetual subordinated capital securities, Series 2 on 4 June 2018. For details of the redemption, please refer to the notice of redemption issued by HSBC on 4 May 2018 which is available on the www.hkexnews.hk.

Management Discussion and Analysis

The net realised loss from sale of investments at fair value through profit or loss was arising from the disposal of all the investments in (i) 8.125% Perpetual Subordinated Capital Securities and (ii) 8.000% Perpetual Subordinated Capital Securities, Series 2, both issued by HSBC by way of redemption exercised by the issuer (i.e. HSBC) on 4 June 2018.

2017

Name of investment	Cost or market value at 1 Oct 2016 (in HK$'000)	Market value at 30 Sep 2017 (in HK$'000)	Unrealised fair value gain/(loss) (in HK$'000)	Dividend (in HK$'000)	Strategy and future prospects
	Performance for the year ended 30 Sep 2017				
8.125% Perpetual Subordinated Capital Securities issued by HSBC Holdings plc	5,062	4,976	(86)	93	Acquisition and holding of the short-term investments is for treasury management purpose due to a robust cash position resulting from the unutilised proceeds. In the short run, the Group expects a regular investment return derived from the steady stream of dividend in each quarter subject to a stable price fluctuation. Once the need for the use of proceeds arises, the Group will liquidate the significant investments to support the business plan and strategies as stated in the Prospectus. The relevant risk exposure and policies are discussed in the paragraph headed "RISK EXPOSURE" and set out in note 25 to the consolidated financial statements.
8.00% Perpetual Subordinated Capital Securities, Series 2 issued by HSBC Holdings plc	16,805	16,793	(12)	–	
Total	21,867	21,769	(98)	93	

As at 30 September 2017, the Group's financial assets at fair value through profit or loss amounted to approximately HK$21.9 million attributable to (i) the Group's holding of 60,000 shares of a company listed on the Stock Exchange and (ii) the Group's purchase of (a) 8.125% perpetual subordinated capital securities ("**HSEA**") and (b) 8.00% perpetual subordinated capital securities, Series 2 ("**HSEB**") issued by HSBC and listed on the New York Stock Exchange at HK$21,867,000 in aggregate for treasury management purposes. The fair values of the listed equity securities aforementioned are based on quoted market price.

Management Discussion and Analysis

During the year ended 30 September 2017, the fair value loss on the listed equity securities referred to under (i) above amounted to HK$27,000 (2016: a fair value gain of HK$45,000) was recognised in profit or loss; and the fair value loss on the listed equity instruments referred to under (ii) above amounted to HK$98,000 (2016: Nil) was recognised in profit or loss.

OTHERS INFORMATION

Employees and remuneration policies

As at 30 September 2018, the Group employed a total of 58 employees (2017: 35). For the year ended 30 September 2018, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK$33.6 million (2017: approximately HK$23.8 million). Employees' remuneration is determined with reference to market terms and the performance, qualifications and experience of employees. In respect of the Group's pension scheme, please refer to note 23 to the consolidated financial statement of the Group for details. Apart from basic remuneration, the Company may grant share options under the share option scheme (please refer to the disclosure in the section headed "Appendix IV – Statutory and general information" of the Prospectus) adopted by the Company on 4 May 2017 to eligible employees by reference to the Group's performance as well as the individual employee's contributions to the development and growth of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Major customers and suppliers

During the year ended 30 September 2018, the revenue attributable to the Group's largest customer accounted for approximately 10.1% (2017: 23.4%) of the Group's total revenue and the revenue attributable to the Group's top five largest customers accounted for approximately 38.2% (2017: 52.6%) of the Group's total revenue.

The Group had no major suppliers due to the nature of the principal activities of the Group.

None of the Directors or any of their close associates, or any Shareholder (who to the knowledge of the Directors own 5% or more of the issued Shares of the Company) had any beneficial interest in any the Group's major customers above.

DIVIDEND

The Board proposed to recommend the payment of a final dividend of HK$0.02 per share for the year ended 30 September 2018 (2017: HK$0.02 per share). The payment of final dividend is subject to approval of the shareholders of the Company at the forthcoming annual general meeting (the "**AGM**") of the Company for the year ended 30 September 2018 to be held on Friday, 25 January 2019.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Wan Ho Yan Letty ("Ms. Wan"), aged 37, is an executive Director and the chairperson of the Company. Ms. Wan has been a director of the Group since October 2014. She was appointed as a Director on 5 February 2016 and was re-designated as an executive Director and appointed as chairperson of the Company on 28 June 2016. Ms. Wan is primarily responsible for providing leadership to the Group and formulating corporate strategy, planning, business development as well as operations of the Group. Ms. Wan acquired the predecessor entities of the Group in 2009 and was responsible for the overall strategic development of the Group/its predecessor entities. She obtained a Bachelor's degree in Business Administration (major in finance) from the University of San Francisco in the United States of America in August 2003. Ms. Wan is the niece of Mr. Wan Chuen Fai, a non-executive Director of the Company.

From December 2004 to December 2009, Ms. Wan was an executive director of China Investment Fund Company Limited (0612.hk), a company listed on the Stock Exchange.

Ms. Wan's directorships in another company listed overseas are set out below:

Name of company	Stock exchange	Principal business activities	Period of service	Position(s)
Jayden Resources Inc. (stock code: JDN)	TSX Venture Exchange	Acquires, explores and develops interests in mining projects in British Columbia, Canada	May 2010 to September 2012	Non-executive director
			September 2012 to June 2016	Executive director and chief executive officer

Mr. Hui Ringo Wing Kun ("Mr. Hui"), aged 37, is an executive Director. He has been a director of the Group since September 2013. He was appointed as a Director and was re-designated as an executive Director on 28 June 2016 and was appointed as the compliance officer of the Company on 29 June 2016. Mr. Hui is primarily responsible for overseeing the corporate strategy, long term planning, all-round development and the daily operations of the Group and overseeing compliance and risk management. He is also responsible for business development of the Group, focusing on IPOs, M&A, capital markets and business consulting initiatives. He is also a director of the Group companies, namely, VBG Capital Limited, 建泉顧問(北京)有限公司(VBG Consulting (Beijing) Co., Ltd.) and VBG Asia Limited. Mr. Hui obtained a Bachelor of Science degree in management in July 2002 and a Master of Science degree in management in November 2003 from the London School of Economics and Political Science in the United Kingdom.

Mr. Hui was a non-executive director of Jayden Resources Inc. from May 2009 to June 2016, a company listed on TSX Venture Exchange in Canada.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Wan Chuen Fai ("Mr. Wan"), aged 68, was appointed as non-executive Director on 28 June 2016. He is primarily responsible for providing market and industry knowledge and is assisting in strategic planning of the Group. He obtained a Bachelor of Science degree in Electrical Engineering degree from the University of Houston in the United States of America in August 1976 and a Certificate of Merit in Financial Market and Investment Studies from Hong Kong College of Technology in November 2003. He is the uncle of Ms. Wan, an executive Director and chairperson of the Company. He is also a director of VBG Capital Limited.

Mr. Wan is currently a director and a responsible officer for Types 1, 4, 6 & 9 regulated activities with Ping An Securities Limited. Currently, he does not hold any other directorship in other public listed companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kam Cheuk Fai David ("Mr. Kam"), aged 64, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the remuneration committee, and a member of the audit and nomination committees of the Company with effect from 26 May 2017. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of the Company. Mr. Kam has over 30 years of experience in management and banking in Hong Kong and China, having worked for China Construction Bank (Asia) Corporation Limited and Bank of America.

Mr. Kam obtained a Master of Business Administration degree from the University of Chicago in June 1978 and a Bachelor of Science in Electrical Engineering from Union College, New York in June 1976.

Mr. William Robert Majcher ("Mr. Majcher"), aged 56, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the nomination committee, and a member of the audit and remuneration committees of the Company with effect from 26 May 2017. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of the Company. From July 1985 to August 2007, Mr. Majcher served in the Royal Canadian Mounted Police (RCMP) and was involved in the detection and prosecution of some publicly reported money laundering cases in the United States of America and Canada as an undercover agent.

Mr. Majcher obtained a degree of Bachelor of Commerce from St. Mary's University, Halifax, Nova Scotia, Canada in May 1984.

Biographical Details of Directors and Senior Management

Mr. Majcher's past and current directorships in other companies listed on the Stock Exchange and overseas are set out below:

Name of company	Stock exchange	Principal business activities	Period of service	Position(s)
Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited) (8020.hk)	The Stock Exchange	Provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC and provision of dry bulk shipping service	September 2011 to May 2018	Independent non-executive director *(Note 1)*
Yorkshine Holdings Limited (formerly known as Novo Group Ltd.) (1048.hk)	The Stock Exchange	Trading and distribution of iron ore, coal and steel products; and manufacturing, sales and distribution of tinplate and related products for metal packaging industry	November 2015 to present	Independent non-executive director
	Singapore Exchange Limited (stock code: MR8)		November 2015 to present	
Evolving Gold Corporation	Canadian Securities Exchange (stock code: EVG)	Acquisition and exploration of natural resource properties with the goal of moving key properties into production	September 2007 to present	Independent director
	Frankfurt Stock Exchange (stock code: EV7)		September 2007 to present	
Pan American Goldfields Ltd. (stock code: MXOM)	OTC Bulletin Board	Precious metals mining and exploration company with projects straddling the border between Argentina and Chile	June 2013 to April 2016	Director *(Note 2)*
CCT Land Holdings Limited (0261.hk)	The Stock Exchange	Design and development, manufacture and sale of telecom, electronic and child products and property development	June 2015 to February 2016	Independent non-executive director *(Note 1)*

Notes:

1. Mr. Majcher confirmed that he resigned as an independent non-executive director due to personal commitments.

2. Mr. Majcher confirmed that he resigned as a director and there was no disagreement with Pan American Goldfields Ltd.

Biographical Details of Directors and Senior Management

Mr. Ho Lik Kwan Luke ("Mr. Ho"), aged 40, was appointed as an independent non-executive Director on 1 December 2017. He is also the chairman of the audit committee of the Company with effect from 13 December 2017, and a member of the nomination and remuneration committees of the Company with effect from 1 December 2017. He is primarily responsible for providing independent advice to the Board in areas including conflict of interest, strategy, performance, resources and standard of conduct of the Company. Mr. Ho has over 13 years of experience in the finance industry focusing on corporate finance. During the period from December 2014 to February 2016, Mr. Ho was a director of Ping An Securities Limited and registered with the Securities and Futures Commission as a responsible officer for Type 6 regulated activity. During the period from September 2016 to the date hereof, Mr. Ho has been registered with the Securities and Futures Commission as a responsible officer for Type 6 regulated activity for Huabang Corporate Finance Limited, a subsidiary of Huabang Financial Holdings Limited (stock code: 3638), a company listed on the main board of The Stock Exchange of Hong Kong Limited. He is also a consultant of Huabang Securities Limited (formerly known as Qian Hai Securities Limited).

Mr. Ho obtained a Bachelor degree in Accounting and Financial Management from the University of Sheffield in the United Kingdom in July 2000. He worked in Deloitte Touche Tohmatsu for more than 3 years. At present, he is a member of each of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Financial Controller

Mr. Ng Ka Ki ("Mr. Ng"), aged 37, has joined the Group since September 2013 as the company secretary and was appointed as the financial controller of the Group in October 2014. Mr. Ng has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2009. He has more than 10 years of experience in audit and accounting. Prior to joining the Group, from August 2010 to October 2014, he was the finance manager and company secretary of Jayden Resources Inc. From January 2010 to July 2010, Mr. Ng was also an accountant in a subsidiary of a company listed on the Main Board of the Stock Exchange. From September 2004 to December 2009, he worked in two accounting firms where his last position was a senior accountant. Mr. Ng was awarded a Bachelor of Business Administration (Honours) degree in Accountancy from the City University of Hong Kong in November 2004.

Legal Counsel and Company Secretary

Mr. Lo Tsz Kit Harry ("Mr. Lo"), aged 54, joined the Group in October 2017 as legal counsel. He was appointed as the company secretary of the Company on 5 March 2018. Mr. Lo was admitted as a solicitor in Hong Kong in 2008. Prior to joining the Group, from September 2008 to September 2017, Mr. Lo worked as assistant solicitor for Tony Kan & Co., Solicitors & Notaries and in-house legal counsel for two financial institutions and a company listed on the Main Board. Before becoming a solicitor, Mr. Lo worked in the banking and finance industry for over 10 years. He holds a Bachelor of Engineering (First Class Honours) degree from King's College of University of London, a Bachelor of Laws degree from the Manchester Metropolitan University and a Master of Business Administration degree from the University of Sydney. He is an associate member of The Hong Kong Institute of Chartered Secretaries.

Compliance Officer

Pursuant to Rule 5.19 of the GEM Listing Rules, **Mr. Hui Ringo Wing Kun**, who is also an executive Director, was appointed as the compliance officer of the Company upon Listing. Please refer to the paragraph headed "EXECUTIVE DIRECTORS" above for his qualification and experience.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The shares of the Company were listed on the GEM on 26 May 2017 (the "**Listing Date**"). The Company has adopted the "Corporate Governance Code and Corporate Governance Report" (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the year ended 30 September 2018 (the "**Year**"), the Company has complied with the CG Code except as noted in the paragraph headed "Chairman and Chief Executive Officer" hereunder.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the Year, the role of the chairman of the Company was performed by Ms. Wan Ho Yan Letty as chairperson of the Company ("**Chairperson**"). The office of chief executive officer of the Company was not filled; Mr. Hui Ringo Wing Kun performed the role of general manager of the Group ("**General Manager**"). The roles of the Chairperson and General Manager are separated. Ms. Wan Ho Yan Letty as Chairperson of the Company provides leadership to the Group and formulation of corporate strategy, planning, business development, as well as operations of the Group. As General Manager, Mr. Hui Ringo Wing Kun is responsible for overseeing the corporate strategy, long-term planning, all round development, and the daily operations of the Group as well as overseeing compliance and risk management of the Group.

BOARD OF DIRECTORS

As at the date of this annual report, the Board consists of six members comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Ms. Wan Ho Yan Letty *(Chairperson)*	(appointed on 5 February 2016)
Mr. Hui Ringo Wing Kun	(appointed on 28 June 2016)

Non-Executive Director

Mr. Wan Chuen Fai	(appointed on 28 June 2016)

Independent Non-Executive Directors

Mr. Kam Cheuk Fai David	(appointed on 4 May 2017)
Mr. William Robert Majcher	(appointed on 4 May 2017)
Mr. Ho Lik Kwan Luke	(appointed on 1 December 2017)

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

There is no relationship among the members of the Board except that Ms. Wan Ho Yan Letty is the niece of Mr. Wan Chuen Fai.

The Company maintains appropriate directors' and officers' liabilities insurance.

Corporate Governance Report

RESPONSIBILITIES OF THE BOARD

The Board oversees the overall management and administration of the business and operations of the Group. The Board is primarily responsible for overall development, strategic planning, reviewing and monitoring the business performance, approving the financial statements and annual budgets, internal controls and risk management as well as supervising the management of the Group.

The Board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as the Board thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

NON-EXECUTIVE DIRECTORS

Mr. Wan Chuen Fai as non-executive Director and each of Mr. Kam Cheuk Fai David and Mr. William Robert Majcher as independent non-executive Director has entered into a letter of appointment with the Company for a period of three years commencing from 26 May 2017. Mr. Ho Lik Kwan Luke as independent non-executive Director has entered into a letter of appointment with the Company for a period of 3 years commencing from 1 December 2017. Their appointment is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company.

Mr. Ho Lik Kwan Luke, one of the independent non-executive Directors, possesses the appropriate professional qualifications, or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive Directors bring substantial experience to the Board and help to ensure that the Board maintains high standards in financial and other mandatory reporting as well as to provide adequate checks for safeguarding the interests of the shareholders and the Company as a whole.

The Company has complied with Rule 5.05 of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, with at least one of them possessing appropriate professional qualifications, or accounting or related financial management expertise. The management of the Company is of the view that the membership of the Board represents suitable background and industry expertise to oversee and operate the Company efficiently and safeguard the interests of the various stakeholders of the Company. The Company has received written confirmation from each independent non-executive Director of his independence pursuant to the requirement of Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

Pursuant to Article 84 of the Company's articles of association (the "**Articles**"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, one executive Director, being Ms. Wan Ho Yan Letty and one non-executive Director, being Mr. Wan Chuen Fai, will retire and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

Corporate Governance Report

BOARD COMMITTEES

Nomination Committee

The Company has established a nomination committee (the "**Nomination Committee**") with specific written terms of reference in line with the code provisions under the CG Code. The Nomination Committee currently consists of three members comprising three independent non-executive Directors, namely, Mr. William Robert Majcher, Mr. Kam Cheuk Fai David and Mr. Ho Lik Kwan Luke. Mr. William Robert Majcher is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are (i) to review the structure, size and composition of the Board; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of the independent non-executive Directors; and (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for the Directors in particular the Chairman and the chief executive of the Company. During the Year, the Nomination Committee held 1 meeting to consider retirement of Directors and to review the independence of the independent non-executive Directors as well as the current structure, size and diversity of the Board.

Remuneration Committee

Pursuant to Rule 5.34 of the GEM Listing Rules, the Company has established a remuneration committee (the "**Remuneration Committee**") with specific written terms of reference in line with the code provisions under the CG Code. The Remuneration Committee currently consists of four members comprising one executive Director, namely, Mr. Hui Ringo Wing Kun, and three independent non-executive Directors, namely, Mr. Kam Cheuk Fai David, Mr. William Robert Majcher and Mr. Ho Lik Kwan Luke. Mr. Kam Cheuk Fai David is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are (i) to make recommendations to the Board on the remuneration policy relating to the Directors and senior management of the Group; (ii) to review remuneration's proposals; and (iii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group. During the Year, the Remuneration Committee held 2 meetings to consider the proposed adjustments to the existing remuneration packages of the Directors.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") with specific written terms of reference formulated in accordance with the requirements of Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee currently consists of all the three independent non-executive Directors, namely, Mr. Ho Lik Kwan Luke, Mr. Kam Cheuk Fai David and Mr. William Robert Majcher. Mr. Ho Lik Kwan Luke is the chairman of the Audit Committee. The primary duties of the Audit Committee are (i) to review the annual reports and accounts, half-year reports and quarterly reports of the Group; (ii) to make recommendations to the Board on the appointment and removal of external auditors; (iii) to provide advice in respect of financial reporting system, risk management and internal control systems of the Group; and (iv) to monitor any continuing connected transaction. During the Year, the Audit Committee held 4 meetings to review the annual results of the Group for the year ended 30 September 2017, the first quarterly results of the Group for the three months ended 31 December 2017, the interim results of the Group for the six months ended 31 March 2018 and the third quarterly results of the Group for the nine months ended 30 June 2018. It has also reviewed the effectiveness of the risk management and internal control systems of the Group.

Corporate Governance Report

PRACTICE AND CONDUCT OF MEETINGS

The agenda of each meeting is made available to the Directors in advance such that each Director is given an opportunity to provide his/her input to the agenda items. Advance notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Minutes of all Board and committee meetings recording sufficient details of matters considered and decisions reached are circulated to the Directors and open for inspection by the Directors.

The articles of association of the Company contains provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates have a material interest. Board papers together with all appropriate, complete and reliable information are sent to all Directors well in advance before each Board meeting or Board committee meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions.

During the Year, the attendance of Directors at the board meetings, committees' meetings, and general meeting was:

	Number of meetings attended/Number of meetings held				
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**	**General Meeting**
Executive Directors:					
Ms. Wan Ho Yan Letty	6/7	–	–	–	1/2
Mr. Hui Ringo Wing Kun	7/7	–	–	1/2	2/2
Non-Executive Director:					
Mr. Wan Chuen Fai	6/7	–	–	–	2/2
Independent Non-Executive Directors:					
Mr. Kam Cheuk Fai David	6/7	3/4	1/1	2/2	2/2
Mr. William Robert Majcher	7/7	3/4	1/1	2/2	2/2
Mr. Ho Lik Kwan Luke	5/7	4/4	1/1	2/2	2/2

CORPORATE GOVERNANCE FUNCTIONS

According to code provision D.3.1 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) to review and monitor the training and continuous professional development of the Directors and senior management of the Group;

(iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and

(v) to review the Group's compliance with the CG Code and disclosure in the corporate governance report of the Company.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the year ended 30 September 2018 is presented as follow:

	Fee Amount HK$'000
Audit service	650
Audit related service	
– Review of interim financial statements	110
	760
Tax compliance service	40
Total	800

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the accounts. In preparing the consolidated financial statements for the year ended 30 September 2018, the Group has selected suitable accounting policies and applied them consistently. The Group has consistently adopted all the new and revised Hong Kong Accounting Standards ("**HKASs**"), Hong Kong Financial Reporting Standards, amendments and interpretations (hereinafter collectively referred to as the "**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants which are effective for the year ended 30 September 2018. A statement by the auditor about their reporting responsibilities is set out in the auditors' report on the financial statements.

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. Following specific enquiries to all the Directors, each of them has confirmed that they have complied with such code of conduct adopted by the Company throughout the Year.

TRAINING FOR DIRECTORS AND COMPANY SECRETARY AND CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 under Appendix 15 to the GEM Listing Rules, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, all Directors participated in continuing professional development regarding their duties and responsibilities as a director of a listed company which included reading materials and watching training webcasts covering among other topics, the CG Code, as well as the directors' continuing obligations under the GEM Listing Rules.

Mr. Lo Tsz Kit Harry, the company secretary of the Company, has complied with the relevant training under Rule 5.15 of the GEM Listing Rules during the year ended 30 September 2018.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has responsibility for maintaining appropriate and effective risk management and internal control systems of the Group. The Board has delegated responsibility to the Audit Committee to review the Group's risk management and internal control matters annually. For the year ended 30 September 2018, the Group did not have an internal audit function. The Company has engaged an external independent internal control consultant to review the Group's risk management and internal control systems. During the Year, the Board, through its review and the review made by the above internal control consultant, was of the view that the risk management and internal control systems of the Group were effective and adequate.

SHAREHOLDERS' RIGHTS ON CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company and carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The requisition must be deposited for the attention of the Board or the secretary of the Company via mail to the headquarters, head office and principal place of business in Hong Kong at 18/F., Prosperity Tower, 39 Queen's Road Central, Hong Kong or the registered office of the Company in the Cayman Islands at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CONSTITUTIONAL DOCUMENTS

The Company adopted the amended and restated Memorandum and Articles of Association of the Company on 4 May 2017 to comply with the GEM Listing Rules in Hong Kong. A copy of the amended and restated Memorandum and Articles of Association of the Company is posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.vbg-group.com. The amended and restated Articles of Association of the Company was adopted on 4 May 2017 and took effect on the Listing Date. During the Year, there has been no change in the Company's memorandum and articles of association.

COMPANY SECRETARY

Mr. Lo Tsz Kit Harry is the company secretary of the Company and legal counsel of the Group. The Company does not engage any external service provider of company secretarial services. Please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report for the biographical details of the company secretary of the Company.

Environmental, Social and Governance Report

INTRODUCTION AND SCOPE OF ESG REPORT

The Group is committed towards sustainability and the Board understands the importance of sustainable development of its business and community. This Environmental, Social and Governance Report (the "**ESG Report**") of the Group is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 to the GEM Listing Rules. Since the Company is an investment holding company, the ESG Report covers primarily the operations of VBG Capital Limited, the principal operating subsidiary of the Company in the Hong Kong Special Administrative Region, during the year ended 30 September 2018. It also summarises the highlights of our ESG initiatives and certain performance that considered as material by the Group for the year ended 30 September 2018.

ENVIRONMENTAL

The Group is committed to fulfilling environmental protection and realizing the sustainable co-development between the Group and the environment. As a provider of corporate finance advisory services, our business does not have any direct impact on the environment. Due to the nature of the Group's business, the Group's commitment to environmental protection focuses mainly on energy saving, minimizing paper usage and the reduction of waste by recycling at the office.

Emissions

As the Group's principal business is the provision of corporate finance advisory services, most of the Group's business are processed on computers and networks. The Group does not generate any industrial pollutants. During the year ended 30 September 2018, no hazardous waste and direct emissions were produced by the Group.

The Group's main carbon footprint comes from indirect greenhouse gas ("**GHG**") emission resulting from the Group's consumption of electricity attributable to the use of lighting system, air-conditioning and office equipment as well as the use of paper at the office.

Below sets out a summary of the Group's GHG emission data, expressed in terms of kilograms of carbon dioxide equivalent (the "**CO_2e**"), during the year ended 30 September 2018:

GHG Emission

Type of GHG emissions	**CO_2e emission (kg)**
Scope 1	Nil
Scope 2	27,747.96
Total	**27,747.96**
Intensity	**5.09 kg/square feet**

Notes:

1. The calculation of the greenhouse gas is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.
2. Scope 1 refers to direct emissions from vehicles owned by the Group.
3. Scope 2 refers to indirect emissions from the generation of purchased electricity consumed by the Group.

The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water or land, nor generation of hazardous and non-hazardous waste during the year ended 30 September 2018. Non-hazardous waste generated during the year ended 30 September 2018 which was mainly commercial waste in office was 445 kg.

Use of resources

The Group endeavors to reduce carbon footprint and maintains a sustainable utilisation of resources. A number of measures to preserve resources at the office are implemented and supervised by the administration department of the Group, such as:

- lights will be turned off when not in use
- maximizing the use of natural lighting where possible
- staff are encouraged to turn off the power of their computer when they are off duty or on leave

The impact of freshwater use is relatively insignificant for the Group and we did not encounter any problems in sourcing water that is fit for purpose. The Group has rented an office space in a commercial building as its office and water rate charges do not form a separate item in the rent, yet the Group encourages staff to reduce water wastage in daily operations. Since the water supply and discharge are managed and controlled by the management of the building, water consumption data of the Group is not available for disclosure. Due to the nature of the Group's business, the Group does not produce any physical products for sale and hence no packaging materials is used by the Group.

Below sets out a summary of the Group's electricity consumption data during the year ended 30 September 2018:

Electricity	**2018**
Consumption	35,124 kWh
Intensity*	6.45 kWh per square feet

* Based on the Group's office area of 5,448 square feet.

Use of paper and reduction of waste

The type of waste produced by the Group is mainly waste paper from its business operations. The Group is committed to minimizing the impact of its use of paper at the office to the environment. A number of measures to reduce paper usage at the office are implemented and supervised by the administration department of the Group, such as:

- waste paper boxes for paper recycling
- disseminating administrative notices through emails instead of paper documents
- duplex printing and reusing single-side printed papers are recommended
- providing reusable supplies instead of disposable supplies

During the year ended 30 September 2018, the total amount of paper consumed is 1,120 kg.

We believe the implementation of the measures to preserve resources and to reduce paper usage and waste as referred to above has promoted our employees' awareness of the importance of saving energy, minimizing paper usage and reduction of waste.

Environmental, Social and Governance Report

SOCIAL

Employment, Labour Practices and Labour Standards

The Group's employment policy is to recruit the best qualified staff and to maintain a pool of human resources according to the manpower requirement and planning of the Group.

The Group is committed to creating a workplace that is free from discrimination and with equal opportunities of employment. We will not tolerate any kinds of discrimination including gender, age, religion and disability. The Group's employment contract has specified the terms including compensation and dismissal, working hours, rest periods, and other benefits for the Group's staff. The Group's employee handbook distributed to employees has also highlighted important information of policies on remuneration and allowances, leave benefits, employee benefits, termination and business conduct. The Group also provides medical insurance to permanent staff.

The Group strictly prohibits the use of child and forced labour. In the hiring process, we will check the identification documents of the candidates to ensure compliance of the minimum legal working age and that no forced labour is hired. The Group has complied with all applicable laws and regulations in relation to employment matters during the year ended 30 September 2018.

As at 30 September 2018, the Group had a total of 35 employees comprising 17 males and 18 females. Below sets out a summary of the Group's employee data as at 30 September 2018:

Employees by Gender	**2018**
Male	49%
Female	51%
Employees by Age	**2018**
30 or below	52%
31 to 40	26%
41 to 50	11%
51 or above	11%
Employee Turnover Rate by Gender	**2018**
Male	18%
Female	33%
Employee Turnover Rate by Age	**2018**
30 or below	44%
31 to 40	44%
41 to 50	12%
51 or above	Nil

Development and Training

The Group is subject to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") and majority of the Group's professional employees are licensed as responsible officer or licensed representative. All responsible officers and licensed representatives are required to undertake sufficient number of hours of continuous professional training to maintain their licenses to carry on the relevant regulated activities under the SFO. We also encourage our professional staff to attend training seminars to enhance their understanding of regulatory regime in financial services industry, professional knowledge and technical skills as well as attending analysts and investors' financial results presentations of listed issuers to gain knowledge on the business operations of a wide range of sectors and industries.

Below sets out a summary of the Group's employee training data for the year ended 30 September 2018:

	2018	
Employee Training	**Average training hours (hours/employee)**	**Percentage of employee trained (%)**
By gender		
– Male	10 hours	59%
– Female	10 hours	61%
By employment category		
– Senior management	10 hours	100%
– Middle management	10 hours	67%
– General	10 hours	48%

Occupational Health and Safety

The Group recognizes employees' health and safety at work is the first and foremost consideration at work. The Group strictly abides by the relevant laws and regulations regarding occupational health and safety at work. A number of initiatives for the purpose of creating a pleasant and comfortable workplace for our employees in the office are employed and supervised by the administration department of the Group, such as:

- provision of adjustable working chairs and seats
- provision of sufficient storage space for a more spacious desk area
- keeping objects and tools easily reachable and conveniently located
- installation of air cleaning systems

During the year ended 30 September 2018, there was no work-related fatality or work injury case within the Group.

OPERATING PRACTICES

The Group recognizes the importance of customers' confidence in its services and strives to establish customer loyalty by providing them with high quality professional services. We are committed to seeking ways to improve every aspect of our operations to create greater value for our customers.

Environmental, Social and Governance Report

Service Responsibilities

Service Quality

As the Group's core business is the provision of corporate finance advisory services, the Group is regulated by the Securities and Futures Commission ("**SFC**") and that the Company is a licensed corporation under the SFO. As at 30 September 2018, there were 7 and 16 professional employees of the Group properly licensed and registered with the SFC as responsible officers and licensed representatives respectively. In carrying out its operation, the Group rigorously conforms to the requirements of the rules and regulations of the SFC, the SEHK and other regulatory requirements, such as the Prevention of Bribery Ordinance, the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, the Corporate Finance Adviser Code of Conduct, the Guidelines on Competence, and the Hong Kong Sponsor Due Diligence Guidelines. All the Group's employees are obliged to conduct its affairs with the highest level of integrity and professional ethics.

Privacy Protection

The Group is committed to ensuring personal data and privacy of its customers are kept confidential. In addition to complying with the relevant provisions of the Personal Data (Privacy) Ordinance, the Group has implemented various measures to prevent unauthorized access of customers' data, such as installation on all computers together with backup services security features which require password access to information stored on the hard disk or server. In addition, employees of the Group are not allowed to divulge or communicate to any person any information concerning the Group or the customers or use such information for their own purpose without consent of the Group.

Anti-corruption

The Group is committed to promoting a culture of conducting business with integrity and honesty as they are a core part of the Group's business ethics. The employees of the Group have the responsibility to observe and abide by the Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, the Securities and Futures Commission Guideline on Anti-Money Laundering and Counter-Terrorist Financing and other relevant laws and regulations regarding anti-corruption, bribery, extortion, fraudulent behavior and money-laundering. Employees are prohibited from offering, soliciting or accepting anything of material value to or from their colleagues, clients, suppliers or other business partner. The Group is committed to achieving highest possible standards of openness and accountability. In line with such commitment, we have whistle-blowing policy in place. Our employees have a responsibility to report all misconduct or malpractice at work. The Group will investigate misconduct or malpractice reported and take corresponding remedial measures against the irregularities. During the year ended 30 September 2018, no legal case regarding corrupt practices was brought against the Group or its employees.

Supply Chain Management

Due to the nature of its business, the Group has no major suppliers. To integrate the environmental vision into the procurement of office supplies, priority is given to environmentally friendly products, such as refillable ballpoint pens and environmental paper.

Community Investment

We believe the improvement of community well-being through donations to charities or participation in charity activities will benefit the society. During the year ended 30 September 2018, the Group made an aggregate of HK$133,000 charitable donations (2017: HK$391,000).

Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements of VBG International Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 30 September 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are provision of corporate finance advisory services, placing and underwriting services and business consulting services. Details of its principal subsidiaries as at 30 September 2018 are set out in note 10 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion of the Group's achievement of its business objectives as stated in the section headed "Business" of the prospectus of the Company dated 15 May 2017 (the "**Prospectus**") and future business development are provided in the "Chairperson's Statement" and "Management Discussion and Analysis" on pages 5 to 13 of this annual report. Possible risks and uncertainties that the Group may be facing are set out in the Management Discussion and Analysis on page 8 of this annual report and the Corporate Governance Report on page 23 of this annual report. The discussion forms part of this report.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 February 2016 under the Companies Law of the Cayman Islands. Pursuant to a group reorganisation (the "**Reorganisation**") in preparation for the listing of shares of the Company on GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

SEGMENT INFORMATION

Details of segment information are set out in note 3 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2018 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 43 to 44 of this annual report.

The Directors did not declare an interim dividend during the year (2017: approximately HK$10.8 million). The Board proposed to recommend the payment of a final dividend of HK$0.02 per share for the year ended 30 September 2018 (2017: HK$0.02 per share).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 90 of this annual report.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

Details of the Group's largest customer and top five largest customers during the year ended 30 September 2018 are set out in Management Discussion and Analysis on page 13 of this annual report.

The Group had no major suppliers due to the nature of the principal activities of the Group.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year ended 30 September 2018 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 18 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the year ended 30 September 2018.

RESERVES

Details of movement in the reserves of the Group and the Company during the year ended 30 September 2018 are set out in the consolidated statement of changes in equity on page 45 of this annual report and in note 29(a) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 September 2018, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately HK$81.4 million (2017: approximately HK$62.1 million).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 September 2018.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer shares on a pro rata basis to its existing shareholders of the Company.

SHARE OPTION SCHEME

The Company unconditionally adopted a share option scheme (the "**Scheme**") on 4 May 2017 which became unconditional upon the listing of the Company. The purpose of the Scheme is to grant an option to subscribe for shares of the Company (the "**Option**") to eligible persons as defined in the Scheme as incentives or rewards for their contribution to the Group. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years from the date of its adoption on 4 May 2017. Since the adoption of the Scheme and up to 30 September 2018, no Option has been granted by the Company. As of the date of this report, the Company had 51,320,000 shares available for issue under the Scheme (representing 10% of the existing issued share capital of the Company as at the date of this report). Details of the Scheme are set out in note 22 to the consolidated financial statements.

Report of the Directors

EQUITY-LINKED AGREEMENTS

Save and except for the Scheme as disclosed in the paragraph headed "SHARE OPTION SCHEME" above, no equity-linked agreement that (i) will or may result in the Company issuing shares or (ii) requires the Company enter into any agreement that will or may result in the Company issuing shares, was entered into by the Company during the year ended 30 September 2018 or subsisted at the end of the year.

DONATION

Donations made by the Group during the year amounted to HK$133,000 (2017: HK$391,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended 30 September 2018 and up to date of this report were as follows:

Executive directors

Ms. Wan Ho Yan Letty *(Chairperson)*	(appointed on 5 February 2016)
Mr. Hui Ringo Wing Kun	(appointed on 28 June 2016)

Non-executive director

Mr. Wan Chuen Fai	(appointed on 28 June 2016)

Independent non-executive directors

Mr. Kam Cheuk Fai David	(appointed on 4 May 2017)
Mr. William Robert Majcher	(appointed on 4 May 2017)
Mr. Tsang Wing Ki	(resigned on 13 December 2017)
Mr. Ho Lik Kwan Luke	(appointed on 1 December 2017)

Biographical information on the Directors and Senior Management of the Group is set out on pages 14 to 17 of this annual report.

Pursuant to the articles of association of the Company, Directors appointed by the Board shall hold office only until the next following general meeting and shall be eligible for re-election. Accordingly, the Directors shall hold office only until the forthcoming general meeting and being eligible, offer themselves for re-election at the general meeting.

Report of the Directors

Directors' service agreements

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 26 May 2017, which shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other. Each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 26 May 2017 (save and except the appointment of Mr. Ho Lik Kwan Luke as independent non-executive Director commenced on 1 December 2017), which shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service agreement with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emolument of the Directors and five individuals with highest emoluments are set out in note 7 to the consolidated financial statements respectively.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity associated with him has or had a material interest, whether directly or indirectly, subsisted at any time during the year ended 30 September 2018.

PERMITTED INDEMNITY PROVISIONS

The Company's Articles provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about executive of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonestly which may attach to the Director.

The Company has taken out and maintained Directors' liability insurance since May 2017, which provides appropriate cover for the Directors.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 18 to 23 of this annual report.

Report of the Directors

ENVIRONMENTAL POLICIES AND PERFORMANCE

Please refer to the section headed "Environmental, Social and Governance Report" on pages 24 to 28 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 30 September 2018, to the best of knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 30 September 2018, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

CONNECTED TRANSACTION

The following connected transaction of the Company under the GEM Listing Rules was entered into during the year ended 30 September 2018 in accordance with the GEM Listing Rules.

On 19 December 2017, VBG Properties Limited (now known as VBG Overseas Holdings Limited), an indirect wholly-owned subsidiary of the Company, as purchaser and BGI Group Limited, as seller entered into an agreement, pursuant to which the purchaser has conditionally agreed to acquire and the seller has conditionally agreed to sell the entire shares of and the shareholder's loan in Baron Global Financial Canada Ltd., at a consideration of HK$36.9 million. The consideration was settled by cash. As the seller is wholly owned and controlled by Mr. Wan Chuen Chung Joseph, who is father of Ms. Wan Ho Yan Letty, the Chairperson and executive Director of the Company, the acquisition constitutes a connected transaction of the Company.

The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting held on 13 April 2018. Completion of the acquisition took place on 30 April 2018.

Details of the acquisition were set out in the announcement and circular of the Company dated 19 December 2017 and 21 March 2018 respectively.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in note 24 to the consolidated financial statements.

CONTINUED CONNECTED TRANSACTIONS

During the year ended 30 September 2018, the Directors are not aware of any related party transactions as disclosed in note 24 to the consolidated financial statements which constituted a connected transaction or continuing connected transaction of the Group under the GEM Listing Rules.

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

As at 30 September 2018, 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 Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions

(i) Interests in the shares of the Company:

Name of Director	Capacity/Nature	Number of shares interested	Approximate percentage of the Issued share capital of the Company
Ms. Wan Ho Yan Letty	Interests of controlled corporation	384,900,000 (L)	75%

Notes:

(1) These 384,900,000 shares are held by Jayden Wealth Limited ("**Jayden Wealth**"), a company incorporated in the British Virgin Islands and wholly owned by Ms. Wan Ho Yan Letty ("**Ms. Letty Wan**"). Therefore, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth for the purpose of the SFO.

(2) The letter "L" denotes as long positions in the shares of the Company.

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

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

Save as disclosed above, as at 30 September 2018, 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.

Report of the Directors

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 year ended 30 September 2018.

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

As at 30 September 2018, 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 Shareholder	Nature of interests	Number of shares held	Number of underlying shares held	Total number of Shares and underlying shares held	Approximate percentage of the issued share capital of the Company
Jayden Wealth	Beneficial owner	384,900,000	–	384,900,000	75%

Note:

Jayden Wealth is wholly owned by Ms. Letty Wan. Under the SFO, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executives of the Company who held an interests or short positions in the shares and or underlying shares of the Company as at 30 September 2018 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year.

COMPETING INTERESTS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 September 2018 which may, directly or compete with the Group's business.

Report of the Directors

NON-COMPETITION UNDERTAKING

Each of Jayden Wealth and Ms. Letty Wan, being the controlling shareholders of the Company, has agreed to provide a non-competition undertaking (the "**Non-Competition Undertaking**") under a deed of non-competition (the "**Deed of Non-Competition**") dated 4 May 2017 entered into by each of Jayden Wealth and Ms. Letty Wan in favour of the Company. Details of the Non-Competition Undertaking are set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by Jayden Wealth and Ms. Letty Wan up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float in the issued share capital of the Company under the GEM Listing Rules.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Dakin Capital Limited ("**Dakin Capital**"), the compliance adviser of the Company, except for the compliance adviser's agreement entered into between the Company and Dakin Capital dated 11 May 2017, neither Dakin Capital nor its directors or employees or close associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30 September 2018 which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules.

Dakin Capital received and will receive fees for acting as the compliance adviser of the Company.

TAX RELIEF

The Company is not aware of any relief on taxation to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the Shares, they are advised to consult their professional advisers.

AUDITOR

Cheng & Cheng Limited and Mazars CPA Limited acted as the joint auditors of the Group for the years ended 30 September 2015 and 2016. On 23 October 2017, Cheng & Cheng Limited had resigned as one of the joint auditors of the Group after taking into account of their available internal resources in the light of current workload with the audit for the year. Mazars CPA Limited remains as the sole auditor of the Group for the year ended 30 September 2017.

The consolidated financial statements of the Company for the year ended 30 September 2018 were audited by Mazars CPA Limited. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited, Certified Public Accountants, as the auditor of the Company.

Director
Hui Ringo Wing Kun

Hong Kong, 7 December 2018

Independent Auditor's Report

To the members of
VBG International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of VBG International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 89, which comprise the consolidated statement of financial position as at 30 September 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2018, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of goodwill *Refer to note 2 and note 11 to the consolidated financial statements*	
The carrying amount of the goodwill relating to the acquisition of Baron Global Financial Canada Ltd. during the year amounted to HK$24 million at 30 September 2018. The carrying amounts of the goodwill are significant to the consolidated financial statements. Management's impairment review assessment of the goodwill were based on the recoverable amount of the relevant cash generating units ("CGUs") which involved significant judgements and estimates about the future results of the business.	Our key procedures included: • Assessing the competency and results of the work of independent professional valuer that was appointed by the management to assist the management to determine the recoverable amounts of the relevant CGUs; • Evaluating and challenging the appropriateness of the model used by the management to calculate the fair value less costs of disposal of the relevant CGUs; • Challenging the reasonableness of key assumptions and variables based on our knowledge of the business and industry; and • Challenging the management on the adequacy and appropriateness of sensitivity analysis.

Independent Auditor's Report

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter

Revenue recognition
 	
Refer to note 2 and note 4 to the consolidated financial statements.
 	
Revenue from corporate finance advisory services and business consulting services, is recognised when services are rendered and according to the terms of the underlying service agreements.
 	
The determination of the point of recognition of revenue involves significant management's judgement.
	Our key procedures included:
	
	• Reviewing the Group's accounting policies on recognition of revenue from corporate finance advisory services and business consulting services and assessing whether they meet the requirements of prevailing applicable accounting standards.
	
	• Reviewing the relevant terms and conditions of a sample of client service agreements of the Group and performing the following procedures:
	
	    • inquiring the project teams about the status of the projects;
	
	    • reading client correspondence and information published on the websites of stock exchanges to ascertain the progress of the selected projects;
	
	    • comparing the fee income recognised with details in the related client service agreements and client correspondence to assess whether the revenue was recognised in the appropriate accounting year; and
	
	    • comparing revenue recognised subsequent to the financial year end with the relevant client service correspondence and making inquiries of management to assess whether the related revenue was recognised in the appropriate accounting year

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of trade receivables *Refer to note 2 and note 16 to the consolidated financial statements.* The carrying amount of the Group's trade receivables amounted to HK$35.3 million at 30 September 2018. Assessing the recoverability of these trade receivables requires significant management judgement based on a number of factors including debtors' current creditworthiness, past collection history, subsequent settlement after the end of the reporting period.	Our key procedures included: • obtaining an understanding of and evaluating the Group's credit risk policies and processes in identifying objective evidence of impairment and estimating impairment; • assessing the reasonableness of the methodologies, assumptions, inputs used by management for the measurement of impairment; • challenging the critical judgements made by management regarding the factors considered during the recoverability assessment; and • Assessed the reasonableness of recoverability assessment of trade receivables with reference to credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2017-18 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process..

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 7 December 2018

The engagement director on the audit resulting in this independent auditor's report is:

Fung Shiu Hang
Practising Certificate number: P04793

Consolidated Statement of Comprehensive Income

Year ended 30 September 2018

	Note	**2018 HK$'000**	2017 HK$'000
Revenue	4	**76,749**	63,329
Other (loss) income, net	5	**(183)**	1,205
Administrative expenses and other operating expenses		**(47,221)**	(42,730)
Profit before income tax	6	**29,345**	21,804
Income tax expense	8	**(5,235)**	(5,824)
Profit for the year		**24,110**	15,980
Other comprehensive income (loss):			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Exchange difference on consolidation		**75**	–
Fair value gain on available-for-sale financial assets	14	**1,474**	1,200
Reclassification adjustment upon disposal of available-for-sale financial assets		**–**	(1,200)
Other comprehensive income for the year		**1,549**	–
Total comprehensive income for the year		**25,659**	15,980
		HK Cents	HK Cents
Earnings per share			
Basic and diluted	12	**4.70**	3.72

Consolidated Statement of Financial Position

At 30 September 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Goodwill	11	**23,966**	–
Plant and equipment	13	**1,752**	1,228
		25,718	1,228
Current assets			
Available-for-sale financial assets	14	**7,693**	–
Financial assets at fair value through profit or loss	15	**315**	21,918
Trade and other receivables and prepayments	16	**41,733**	31,983
Bank balances and cash		**72,589**	73,881
		122,330	127,782
Current liabilities			
Other payables, receipt in advance and accruals		**4,853**	2,687
Income tax payables		**11,789**	10,771
		16,642	13,458
Net current assets		**105,688**	114,324
Total assets less current liabilities		**131,406**	115,552
Non-current liabilities			
Deferred tax payables	17	**459**	–
NET ASSETS		**130,947**	115,552
Capital and reserves			
Share capital	18	**5,132**	5,132
Reserves		**125,815**	110,420
TOTAL EQUITY		**130,947**	115,552

These consolidated financial statements on pages 43 to 89 were approved and authorised for issue by the Board of Directors on 7 December 2018 and signed on its behalf by

Wan Ho Yan Letty	**Hui Ringo Wing Kun**
Director	*Director*

Consolidated Statement of Changes in Equity

Year ended 30 September 2018

	Share capital HK$'000	Share premium HK$'000 (Note 19a)	Capital reserve HK$'000 (Note 19b)	Exchange reserve HK$'000 (Note 19c)	Investment revaluation reserve HK$'000 (Note 19d)	(Accumulated losses)/ Retained profits HK$'000	Total HK$'000
At 30 September 2016	–	–	35,152	1,392	–	(2,211)	34,333
Profit for the year	–	–	–	–	–	15,980	15,980
Other comprehensive income for the year							
Item that are or may be reclassified subsequently to profit or loss							
Fair value gain on available-for-sale financial assets	–	–	–	–	1,200	–	1,200
Reclassification adjustment upon disposal of available-for-sale financial assets	–	–	–	–	(1,200)	–	(1,200)
	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	15,980	15,980
Transfer (note 19(b))	–	–	(35,000)	–	–	35,000	–
Transactions with owners							
Contribution and distribution							
Issue of new shares by way of share offer (note 18(c))	1,283	85,961	–	–	–	–	87,244
Capitalisation issue (note 18(d))	3,849	(3,849)	–	–	–	–	–
Transaction costs attributable to issue of new shares	–	(11,177)	–	–	–	–	(11,177)
Dividends (note 9)	–	–	–	–	–	(10,828)	(10,828)
Total transactions with owners for the year	5,132	70,935	–	–	–	(10,828)	65,239
At 30 September 2017	5,132	70,935	152	1,392	–	37,941	115,552
Profit for the year	**–**	**–**	**–**	**–**	**–**	**24,110**	**24,110**
Other comprehensive income for the year							
Item that are or may be reclassified subsequently to profit or loss							
Exchange difference on consolidation	**–**	**–**	**–**	**75**	**–**	**–**	**75**
Fair value gain on available-for-sale financial assets	**–**	**–**	**–**	**–**	**1,474**	**–**	**1,474**
	–	**–**	**–**	**75**	**1,474**	**–**	**1,549**
Total comprehensive income for the year	**–**	**–**	**–**	**75**	**1,474**	**24,110**	**25,659**
Transactions with owners							
Contribution and distribution							
Dividends (note 9)	**–**	**–**	**–**	**–**	**–**	**(10,264)**	**(10,264)**
Total transactions with owners for the year	**–**	**–**	**–**	**–**	**–**	**(10,264)**	**(10,264)**
At 30 September 2018	**5,132**	**70,935**	**152**	**1,467**	**1,474**	**51,787**	**130,947**

Consolidated Statement of Cash Flows

Year ended 30 September 2018

	Note	**2018 HK$'000**	2017 HK$'000
OPERATING ACTIVITIES			
Cash from (used in) operations	20(a)	**43,737**	(4,174)
Bank interest received		**748**	17
Tax paid		**(6,862)**	(2,741)
Net cash from (used in) operating activities		**37,623**	(6,898)
INVESTING ACTIVITIES			
Dividends received from investments		**1,588**	98
Net cash flows on acquisition of a subsidiary	21	**(29,469)**	–
Purchase of available-for-sale financial assets		**(605)**	–
Purchase of plant and equipment		**(585)**	(240)
Proceeds from disposal of available-for-sale financial assets		**420**	3,840
Net cash (used in) from investing activities		**(28,651)**	3,698
FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	87,244
Expenses of issue of new shares		**–**	(11,177)
Dividends paid	9	**(10,264)**	(7,300)
Net cash (used in) from financing activities		**(10,264)**	68,767
Net (decrease) increase in cash and cash equivalents		**(1,292)**	65,567
Cash and cash equivalents at beginning of year		**73,881**	8,314
Cash and cash equivalents at end of year, represented by bank balances and cash		**72,589**	73,881

Notes to the Consolidated Financial Statements

Year ended 30 September 2018

1. GENERAL INFORMATION

VBG International Holdings Limited (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 the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer on 26 May 2017 (the "Listing"). The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of corporate finance advisory services, placing and underwriting services and business consultancy services.

In the opinion of the directors of the Company, the immediate holding company of the Company is Jayden Wealth Limited ("Jayden Wealth"), which is incorporated in the British Virgin Islands (the "BVI") and is ultimately controlled by Ms. Wan Ho Yan Letty ("Ms. Letty Wan"), the controlling shareholder, an executive director and the chairperson of the Company.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the "Group"), except for the subsidiaries established in the People's Republic of China (the "PRC") and Canada whose functional currency is Renminbi ("RMB") and Canadian dollar ("CAD") respectively.

2. PRINCIPAL ACCOUNTING POLICIES

Pursuant to the group reorganisation to rationalise the group structure for the Listing of the shares of the Company (the "Reorganisation"), the Company acquired the entire equity interests in the companies comprising the Group from Ms. Letty Wan. The Reorganisation was completed on 20 May 2016 and since then, the Company became the holding company of the companies comprising the Group (the "Combined Entities").

The Combined Entities and the Company are under common control of Ms. Letty Wan prior to and after the Reorganisation, and that control is not transitory. Accordingly, the acquisition of the Combined Entities is accounted for as business combination under common control in accordance with Accounting Guideline 5 "Merger accounting under common control combination" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as detailed below.

The consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group have been prepared to include the results, changes in equity and cash flows of the Combined Entities and the Company as if the current group structure has been in existence since 1 October 2016, or since the respective dates of incorporation or acquisition by the Company, whichever period is shorter.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of preparation

The consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2017 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

Amendments to HKAS 7: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

Amendments to HKAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify, among others, how to account for deferred tax assets related to debt instruments measured at fair value.

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

A summary of the principal accounting policies adopted by the Group is set out below:

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intragroup transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

1) *Merger accounting for business combination involving entities under common control*

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the controlling party's interest. The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

2) *Changes in ownership interest*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an investment in a subsidiary is stated at cost less accumulated impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree (if applicable) and the fair value of any previously held equity interests in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvement	10 years or over the lease term, whichever is shorter
Computer equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicle	5 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of the asset (calculated as the difference between the net sales proceeds and the carrying amount of the item) is recognised in profit or loss in the period in which the item is derecognised.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets and financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are direct attributable to the acquisition or issue of the financial assets or financial liabilities.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. They are carried at fair value, with any resultant gain and loss recognised in profit or loss.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

2) Loans and receivables

Loans and receivables including trade and other receivables and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classification and measurement *(continued)*

4) Financial liabilities

The Group's financial liabilities include other payables and accruals. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Group assesses at each reporting period whether there is evidence that an available-for-sale financial asset is impaired. In the case of an equity investment, a significant or prolonged decline in the fair value below its cost is a factor in determining whether the asset is impaired. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. In assessing whether it is prolonged, the decline is evaluated against the period in which the fair value of the asset has been below its original cost at initial recognition.

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Revenue from corporate finance advisory service, placing and underwriting service, and business consulting service, are recognised when services are rendered or according to terms of the underlying service agreements.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Net income from the sale of investments at fair value through profit or loss is recognised on the transaction date when the relevant sale and purchase contract is entered into.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of HK$, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of other assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether there is any indication that its plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rental payable under operating leases are charged to profit or loss on a straight line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The Group, other than overseas subsidiaries, operates Mandatory Provident Fund schemes to provide retirement benefits for its full time permanent employees in Hong Kong. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Overseas subsidiaries also operate pension schemes or similar arrangements for their employees in accordance with the statutory requirements prescribed by the relevant legal authorities. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Long service payments

The Group's net obligation in respect of long service payments under the Hong Kong Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any nonmarket vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group that is defined as:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of the holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Revenue recognition

Revenue from corporate finance advisory services and business consulting services is recognised when services are rendered and according to the terms of the underlying service agreements. Currently, the Group makes progress billings at pre-agreed intervals to the customers in accordance with the mandates. Because of the nature of the services provided, the date at which the service agreement is entered into and the date when the respective service is rendered may fall into different accounting periods. A considerable amount of judgement is required in determining the project progress. Significant changes in management estimates may result in material revenue adjustments.

Impairment of trade receivables

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Estimating the recoverable amount requires the Group to choose a suitable valuation model and make estimation of the key valuation parameter and other relevant business assumptions. Details of the estimates used to calculate the recoverable amount are given in note 11 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period which the Group has not early adopted.

Annual Improvements to HKFRSs	*2014-2016 Cycle: HKFRS 1 and HKAS 28* [1]
Amendments to HKAS 40	*Transfers of Investment Property* [1]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions* [1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts* [1]
HKFRS 9	*Financial Instruments* [1]
HKFRS 15	*Revenue from Contracts with Customers* [1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration* [1]
Annual Improvements to HKFRSs	*2015-2017 Cycle* [2]
HKFRS 16	*Leases* [2]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments* [2]
Amendments to HKAS 19	*Employee benefits* [2]
Amendments to HKAS 28	*Investments in Associates and Joint Ventures* [2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation* [2]
HKFRS 17	*Insurance Contracts* [3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] The effective date to be determined

A number of new standards and amendments are effective for annual periods beginning on or after 1 October 2018 and have not been early applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following:

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs (Continued)

HKFRS 9

HKFRS 9 will replace the current standard on accounting for financial instruments, *HKAS 39, Financial Instruments: Recognition and Measurement* ("HKAS 39"). HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets measured at (i) amortised cost, (ii) fair value through profit or loss and (iii) fair value through other comprehensive income.

The classification for financial assets is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and fair value through profit or loss will continue with their respective classification and measurements upon the adoption of HKFRS 9. For equity securities that are not held for trading, it will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income. Therefore, financial assets of the Group that are currently classified as available-for-sale equity securities may be classified and measured as fair value through other comprehensive income or as fair value through profit or loss under the new standard. For those available-for-sale equity securities classified as fair value through profit or loss under the new standard, related fair value changes will have to be transferred from the investment revaluation reserve to retained profits on 1 October 2018.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at fair value through profit or loss that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at fair value through profit or loss and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs (Continued)

HKFRS 9 (Continued)

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("ECL") model which will be determined on a probability-weighted basis. Under the ECL model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. The new impairment model will apply to financial assets of the Group measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments of the Group.

Under HKFRS 9, loss allowances will be measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and

- Life time ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Life time ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, HKFRS 9 allows a simplified approach in which life time ECL measurement is always applied for trade receivables and contract assets without a significant financing component.

A more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group has no hedge accounting and therefore it expects that this new requirement will not have any impact on the Group on adoption of HKFRS 9.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs (Continued)

HKFRS 15

Currently, majority of revenue from corporate finance advisory service, placing and underwriting commission, and business consulting service, are recognised when services are rendered. Under HKFRS 15, it is required to identify the services promised (i.e. performance obligation) and recognise the revenue when the performance obligation is satisfied.

For **financial advisory and business consulting services**, usually the projects would last for a short to medium period of time and there would be various advisory/consulting results/deliverables passed to the customers according to the mandates. Currently, the Group would make progress billings at pre-agreed intervals to the customers in accordance with the mandates. The Group would then recognise the revenue in accordance with the project progress over time.

Under HKFRS 15, the Group should determine what would be its performance obligation and would then determine whether the revenue should be recognised over time by measuring the progress towards complete satisfaction of the performance obligation. At the end of each reporting period, the Group shall re-measure its progress towards complete satisfaction of its performance obligation satisfied over time.

The management expects that there is no significant impact on the financial results of the Group upon the application of HKFRS 15 as the performance obligation is satisfied over time.

For **placing and underwriting commission income**, the Group helps customers to solicit suitable investors and to subscribe/underwrite equity/debt securities upon request. The Group currently recognises revenue when the relevant securities are successfully placed/issued, i.e. when the significant acts are successfully completed in accordance with the customers' instructions.

Under HKFRS 15, the Group's performance obligation appears to have been satisfied upon the successful placing and subscription of securities at a particular point in time and therefore, to a large extent, it coincides with the current practice of recognition of revenue. Therefore, no significant impact on the financial results of the Group is expected as a result of application of HKFRS 15.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs (Continued)

HKFRS 16

HKFRS 16 significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

The Group is a lessee of various office premises which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in note 2 to the consolidated financial statements with the Group's future operating lease commitments in note 27. As set out in note 27 to the consolidated financial statements, total operating lease commitments of the Group in respect of office premises as at 30 September 2018 amounted to HK$32,887,000 (2017: HK$2,514,000). The directors do not expect the adoption of HKFRS 16, as compared with the current accounting policy, would result in significant impact on the Group's results but these lease commitments may be required to be recognised in the consolidated statement of financial position on future as right-of-use assets and lease liabilities.

The new standard will likely result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact on the consolidated statement of comprehensive income, rental expenses will be replaced with depreciation expense on the right-of-use asset and interest expenses on the lease liability.

During the year, the Group incurred rental expenses from the leasing of office premises in Hong Kong, the PRC and Canada. The total rental expenses amounted to approximately HK$5,963,000 for the year ended 30 September 2018 (2017: HK$4,739,000). All leases are accounted for under operating leases.

The combination of the depreciation of the right-of-use asset and the interest of the lease liability will likely result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year ending 30 September 2020, and management expects the impacts on the Group's financial results and position upon the adoption of HKFRS 16 are not material.

3. SEGMENT INFORMATION

The chief operating decision-makers of the Group, being the executive directors and senior management of the Group, regularly assess the performance of the Group based on a measure of profit after income tax and revenue analysis according to geographical location of the services rendered and consider the Group as a single reportable segment, i.e. provision of advisory and consultancy, placing and underwriting and business consulting services. Information reported to the chief operating decision makers for the purposes of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated. Business segment information is not presented accordingly.

Information about geographical areas

(a) *Revenue from external customers*

	2018	2017
	HK$'000	HK$'000
Hong Kong	**74,043**	63,329
Canada	**2,706**	–
	76,749	63,329

(b) *Specified non-current assets*

The following table sets out information about the geographical location of the Group's goodwill and plant and equipment which is based on the physical location of the assets.

	2018	2017
	HK$'000	HK$'000
Hong Kong	**1,195**	1,148
The PRC	**264**	80
Canada	**24,259**	–
	25,718	1,228

Information about major customers

Revenue from customers that individually contributing 10% or more of the total revenue of the Group are as follows:

	2018	2017
	HK$'000	HK$'000
Customer A	**7,726**	–
Customer B	**–**	14,813

4. REVENUE

	2018 HK$'000	2017 HK$'000
Corporate finance advisory services	**51,270**	43,977
Placing and underwriting services	**11,123**	–
Business consulting services	**14,356**	19,352
	76,749	63,329

5. OTHER (LOSS) INCOME, NET

	2018 HK$'000	2017 HK$'000
Dividend income from investments	**1,588**	98
Net unrealised loss on financial assets at fair value through profit or loss	**(125)**	(125)
Interest income	**748**	17
(Loss) gain on disposal of available-for-sale financial assets	**(5)**	1,200
Loss on disposal of financial assets at fair value through profit or loss	**(2,399)**	–
Others	**10**	15
	(183)	1,205

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2018 HK$'000	2017 HK$'000
Staff costs (including directors' remuneration):		
Employee benefit expense	**32,994**	23,314
Contributions to defined contribution plans	**613**	442
Total staff costs	**33,607**	23,756
Auditor's remuneration	**650**	569
Depreciation of plant and equipment	**408**	255
Exchange loss, net	**6**	228
Professional fees (excluding Listing expenses which were one-off in nature)	**2,421**	1,141
Listing expenses	**–**	9,100
Loss on disposal of plant and equipment	**–**	2
Operating lease payments on premises	**5,963**	4,739
Provision for allowance on doubtful debts	**1,100**	–

7. DIRECTORS' EMOLUMENTS

(a) Information about the benefits of directors

(i) Directors' remuneration

The Company was incorporated in the Cayman Islands on 5 February 2016 and Ms. Letty Wan and Mr. Hui Ringo Wing Kun were appointed as executive directors of the Company on 5 February 2016 and 28 June 2016 respectively. Mr. Wan Chuen Fai was appointed as a non-executive director of the Company on 28 June 2016. Mr. Kam Cheuk Fai David, Mr. Tsang Wing Ki and Mr. William Robert Majcher were appointed as independent non-executive directors of the Company on 4 May 2017. Mr. Tsang Wing Ki resigned as an independent non-executive director of the Company on 13 December 2017. Mr. Ho Lik Kwan Luke was appointed as an independent non-executive director of the Company on 1 December 2017.

Certain directors of the Company received remuneration from the entities now comprising the Group during the years ended 30 September 2018 and 2017 for their employment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the years ended 30 September 2018 and 2017 are set out below.

Year ended 30 September 2018

	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Contributions to defined contribution plans HK$'000	Total HK$'000
Executive directors					
Ms. Letty Wan	–	790	180	18	988
Mr. Hui Ringo Wing Kun	–	2,300	–	18	2,318
Non-executive director					
Mr. Wan Chuen Fai	155	–	–	–	155
Independent non-executive directors					
Mr. Ho Lik Kwan Luke	135	–	–	–	135
Mr. Kam Cheuk Fai David	155	–	–	–	155
Mr. Tsang Wing Ki	24	–	–	–	24
Mr. William Robert Majcher	155	–	–	–	155
	624	3,090	180	36	3,930

7. DIRECTORS' EMOLUMENTS (Continued)

(a) Information about the benefits of directors (Continued)

(i) ***Directors' remuneration*** (Continued)

Year ended 30 September 2017

	Directors' fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Contributions to defined contribution plans HK$'000	Total HK$'000
Executive directors					
Ms. Letty Wan	–	252	–	7	259
Mr. Hui Ringo Wing Kun	–	2,060	–	20	2,080
Non-executive director					
Mr. Wan Chuen Fai	42	–	–	–	42
Independent non-executive directors					
Mr. Kam Cheuk Fai David	42	–	–	–	42
Mr. Tsang Wing Ki	42	–	–	–	42
Mr. William Robert Majcher	42	–	–	–	42
	168	2,312	–	27	2,507

During the year ended 30 September 2018, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office (2017: Nil). There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 30 September 2018 (2017: Nil).

(b) Individuals with highest emoluments

An analysis of the five highest paid individuals is as follows:

	Number of individuals	
	2018	2017
Director	**1**	1
Non-director	**4**	4
	5	5

7. DIRECTORS' EMOLUMENTS (Continued)

(b) Individuals with highest emoluments (Continued)

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and allowances	8,635	8,310
Discretionary bonus	3,968	2,110
Contributions to defined contribution plans	54	54
	12,657	10,474

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	2018	2017
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	2	2
HK$3,000,001 to HK$3,500,000	–	1
HK$4,500,001 to HK$5,000,000	1	–

During the year ended 30 September 2018, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining of the Group, or as a compensation for loss of office (2017: Nil). There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the year ended 30 September 2018 (2017: Nil).

8. INCOME TAX EXPENSE

The two-tiered profits tax rates regime have been implemented from 1 April 2018, under which, the profit tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue to be taxed at the rate of 16.5%. If the entity has one or more connected entities, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Therefore, only one entity in the Group is subject to the two-tiered profits tax rate while the remaining entities in the Group will continue to be taxed at the rate of 16.5% (2017: 16.5% on all profits arising from Hong Kong).

For the year ended 30 September 2018, the Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 27%.

For the years ended 30 September 2018 and 2017, the Group's entities established in the Cayman Islands and the BVI are exempted from income tax.

Notes to the Consolidated Financial Statements

Year ended 30 September 2018

8. INCOME TAX EXPENSE (Continued)

For the years ended 30 September 2018 and 2017, for the Group's entity established in the PRC, no Enterprise Income Tax has been provided as the entity incurred a loss for taxation purpose.

	2018 HK$'000	2017 HK$'000
Current tax		
Hong Kong Profits Tax		
Current year	**5,463**	5,588
(Over) Under-provision in prior year	**(277)**	236
	5,186	5,824
Canada Corporate Income Tax	**49**	–
	5,235	5,824

Reconciliation of income tax expense

	2018 HK$'000	2017 HK$'000
Profit before taxation	**29,345**	21,804
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	**4,541**	3,411
Non-deductible expenses	**641**	2,064
Tax exempt revenue	**(326)**	(216)
(Over) Under-provision in prior year	**(277)**	236
Unrecognised tax losses	**375**	348
Others	**281**	(19)
Income tax expense	**5,235**	5,824
Weighted average applicable effective tax rates (note)	**17.1%**	26.7%

Note: The weighted average applicable effective tax rates represent the weighted average of the effective rates of taxation prevailing in the territories in which the Group operates.

9. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Dividends approved or paid during the year		
Interim dividends in respect of 2018 of HK$Nil (2017: HK$10,828,000 per ordinary share)	–	10,828
Final dividends in respect of 2017 of HK$0.02 per ordinary share (2016: HK$Nil)	10,264	–
	10,264	10,828

During the year ended 30 September 2017, interim dividends of HK$7,300,000 were paid in cash and dividends of HK$3,528,000 were distributed in specie with the entire interests of the Company's indirectly wholly-owned subsidiary of Gather Shine Investments Limited ("Gather Shine"). Gather Shine was then ceased to be a subsidiary of the Company and no gain or loss was recognised in respect of the disposal of Gather Shine.

During the year ended 30 September 2018, 2017 final dividends of HK$10,264,000 were paid in cash.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 30 September 2018 of HK$0.02 per ordinary share, in an aggregate amount of approximately HK$10,264,000 has been proposed by the directors of the Company and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

10. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 30 September 2018 are as follows:

Name of subsidiaries	Place of incorporation/ Place of operation	Issued and paid-up share capital/ registered capital	Equity interest attributable to the Company At 30 September 2018 %	2017 %	Principal activities
Direct					
VBG Company Limited	The BVI, Hong Kong	United States dollars ("US$")1	**100**	100	Investment holding
Indirect					
VBG Capital Limited ("VBG Capital")	Hong Kong, Hong Kong	HK$11,000,000	**100**	100	Carrying on Types 1 and 6 regulated activities in Hong Kong
VBG Asia Limited	Hong Kong, Hong Kong	HK$1,000	**100**	100	Provision of business consulting services
VBG Overseas Holdings Limited (formerly known as VBG Properties Limited)	The BVI, Hong Kong	US$1	**100**	100	Leasing of properties
建泉顧問(北京)有限公司 (VBG Consulting (Beijing) Co., Ltd*)	The PRC, the PRC	US$1,300,000	**100**	100	Provision of business consulting services
Baron Global Financial Canada Ltd. ("Baron Canada")	Canada, Canada	CAD0.60	**100**	–	Provision of business consulting services

* English translation for identification purpose only. The company is registered as wholly foreign owned limited liability company under the PRC law.

11. GOODWILL

	Note	2018 HK$'000	2017 HK$'000
Reconciliation of carrying amount			
At the beginning of the reporting period		**–**	–
Additions	21	**23,966**	–
At the end of the reporting period		**23,966**	–

In April 2018, the Group acquired 100% equity interests in Baron Canada at a consideration of approximately CAD6,150,000 (equivalent to approximately HK$36,900,000). Baron Canada is engaged in the provision of business consulting services to private and public companies in Canada (the "Canada Business CGU"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$23,966,000 and was recognised as a goodwill. Further details of the acquisition were set out in the Company's announcement and circular dated 19 December 2017 and 21 March 2018, respectively.

At 30 September 2018, the Group assessed the recoverable amount of the Canada Business CGU with reference to a business valuation of Baron Canada determined under a market-based approach based on the multiples of price-to-earnings as stated in a valuation report issued by an independent professional valuer and determined that no impairment for goodwill was required.

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

	2018	2017
Control premium*	**25%**	–
Discount of lack of marketability#	**16%**	–
Price-to-earnings multiples^	**17.19-24.33**	–

* Control premium was adopted to reflect the degree of control associated with 100% equity interests of the company as the discount of lack of marketability adopted below is on a non-controlling basis.

\# Discount of lack of marketability was the median of the percentage variance of private placement price and market reference price of international transactions over the 37 years period; the level of value is presented on freely traded and non-controlling basis.

^ Price-to-earnings multiples were estimated by the median of price-to-earnings of the selected comparable companies whose principal business were comparable to that of Baron Canada.

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Canada Business CGU to exceed its recoverable amount.

Other information on fair value measurement of the Canada Business CGU

The description of valuation technique used in fair value measurement for the Canada Business CGU containing goodwill is as follow:

Fair value hierarchy	*Valuation technique*
Level 3	Market-based approach

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data and on the assumption that the Group had been in existence throughout the years ended 30 September 2018 and 2017:

	2018	2017
	HK$'000	HK$'000
Earnings		
Profit for the year for the purpose of basic earnings per share	**24,110**	15,980

	2018	2017
	'000	'000
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**513,200**	429,893

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding during the years ended 30 September 2018 and 2017.

13. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Reconciliation of carrying amount – Year ended 30 September 2017					
At 1 October 2016	905	65	275	–	1,245
Additions	54	142	44	–	240
Depreciation	(132)	(39)	(84)	–	(255)
Disposal	–	–	(2)	–	(2)
At 30 September 2017	827	168	233	–	1,228
Reconciliation of carrying amount – Year ended 30 September 2018					
At 1 October 2017	**827**	**168**	**233**	**–**	**1,228**
Additions	**242**	**199**	**144**	**–**	**585**
Additions – acquisition of a subsidiary (note 21)	**76**	**78**	**193**	**–**	**347**
Depreciation	**(194)**	**(90)**	**(124)**	**–**	**(408)**
At 30 September 2018	**951**	**355**	**446**	**–**	**1,752**
At 30 September 2017					
Cost	1,349	323	502	576	2,750
Accumulated depreciation	(522)	(155)	(269)	(576)	(1,522)
Net book value	827	168	233	–	1,228
At 30 September 2018					
Cost	**1,667**	**590**	**826**	**576**	**3,659**
Accumulated depreciation	**(716)**	**(235)**	**(380)**	**(576)**	**(1,907)**
Net book value	**951**	**355**	**446**	**–**	**1,752**

14. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
At fair value		
Equity securities listed overseas	**7,693**	–

The fair values of listed securities were based on quoted market price at the end of the reporting period. During the year ended 30 September 2018, the fair value gain on these equity securities of HK$1,474,000 was recognised in other comprehensive income.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2018 HK$'000	2017 HK$'000
Held for trading			
Equity securities – listed in Hong Kong		**–**	149
Other equity instruments – listed overseas	(a)	**–**	21,769
Derivatives – unlisted options issued by companies listed overseas	(b)	**315**	–
		315	21,918

Notes:

(a) During the year ended 30 September 2018, the Company disposed of (i) 8.125% perpetual subordinated capital securities ("HSEA") and (ii) 8.00% perpetual subordinated capital securities, Series 2 ("HSEB") issued by HSBC Holdings plc and listed on the New York Stock Exchange, which resulted in loss on disposal of HK$2,271,000.

(b) During the year ended 30 September 2018, the Group acquired unlisted stock options issued by companies listed overseas through the acquisition of Baron Canada. The fair values of these derivatives are derived from Black-Scholes option pricing model. During the year, the Group has exercised certain options in exchange for underlying equity listed securities. For details, please refer to note 20(b) to the consolidated financial statements.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Note	2018 HK$'000	2017 HK$'000
Trade receivables		**36,378**	29,663
Less: Allowance for doubtful debts		**(1,100)**	–
	(a)	**35,278**	29,663
Prepayment		**1,640**	214
Deposits and other receivables		**4,815**	2,106
		6,455	2,320
		41,733	31,983

(a) The settlement terms of trade receivables are determined in accordance with the contract terms, usually within 1 month after the provision of service.

Ageing analysis of the trade receivables (after allowance for doubtful debts) by invoice date is as follows:

	2018 HK$'000	2017 HK$'000
Within 30 days	**26,399**	29,063
31 to 60 days	**3,522**	–
61 to 90 days	**2,033**	–
Over 90 days	**3,324**	600
	35,278	29,663

Ageing analysis of the trade receivables (after allowance for doubtful debts) by due date is as follows:

	2018 HK$'000	2017 HK$'000
Net yet due	**26,399**	29,063
Past due:		
Within 30 days	**3,522**	–
31 to 60 days	**2,033**	–
61 to 90 days	**584**	–
Over 90 days	**2,740**	600
	8,879	600
	35,278	29,663

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Before accepting a new customer, the Group assesses the potential customer's credit quality and determines credit limit. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement up to the reporting date.

The Group's trade receivables which are past due are assessed 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 movements in allowance for doubtful debts in respect of trade receivables

	2018 **HK$'000**	2017 HK$'000
At the beginning of the reporting period	–	–
Provision for allowance	**1,100**	–
At the end of the reporting period	**1,100**	–

17. DEFERRED TAXATION

The following are the deferred tax liabilities recognised and the movements thereon during the current and prior years:

	Depreciation allowance HK$'000	**Temporary difference of investments** HK$'000	**Total** HK$'000
At 1 October 2017 and 30 September 2017	–	–	–
Acquisition of a subsidiary (note 21)	(61)	520	459
At 30 September 2018	**(61)**	**520**	**459**

17. DEFERRED TAXATION (Continued)

Unrecognised deferred tax assets arising from

	2018 HK$'000	2017 HK$'000
Tax losses arising in		
– Hong Kong	**41,812**	41,812
– The PRC	**4,206**	2,708
	46,018	44,520

The unrecognised tax losses arising in Hong Kong do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because there is uncertainty on whether the unused tax losses can be utilised in the future.

At the end of the reporting period, the Group has the following unrecognised tax losses arising in the PRC that can be offset against future taxation profits of the subsidiary for a maximum of 5 years from the year in which the tax loss was incurred:

	2018 HK$'000	2017 HK$'000
Year of expiry		
2021	**1,316**	1,316
2022	**1,392**	1,392
2023	**1,498**	–
	4,206	2,708

18. SHARE CAPITAL

	Note	No. of shares	HK$'000
Authorised:			
At 1 October 2016 (at par value of US$1 per share)		50,000	390
Creation of shares under the Re-denomination (defined thereafter)	(a)(i)	**39,000,000**	**390**
Cancellation of shares under the Re-denomination	(a)(iv)	**(50,000)**	**(390)**
Increase in authorised share capital	(b)	**1,961,000,000**	**19,610**
At 30 September 2017 and 2018 (at par value of HK$0.01 per share)		**2,000,000,000**	**20,000**
Issued and fully paid:			
At 1 October 2016 (at par value of US$1 per share)		1	–
Issue of shares under the Re-denomination	(a)(ii)	**780**	**–**
Repurchase of shares under the Re-denomination	(a)(iii)	**(1)**	**–**
Issue of shares by share offer	(c)	**128,300,000**	**1,283**
Capitalisation issue of shares	(d)	**384,899,220**	**3,849**
At 30 September 2017 and 2018 (at par value of HK$0.01 per share)		**513,200,000**	**5,132**

Notes:

(a) Pursuant to written resolutions of the sole shareholder passed on 26 April 2017, the authorised and issued share capital of the Company were re-denominated ("Re-denomination") by way of:

(i) an increase in the authorised share capital of HK$390,000 by the creation of 39,000,000 shares;

(ii) an issue of 780 shares to the immediate holding company at HK$0.01 per share;

(iii) repurchase from the immediate holding company of the one issued share of US$1 at an aggregate price of US$1 (equivalent to HK$7.8); and

(iv) following the above repurchase, a diminution in the authorised but unissued share capital by the cancellation of all unissued shares of US$1 each in the capital of the Company.

As a result of the Re-denomination, the Company had an authorised share capital of HK$390,000 divided into 39,000,000 shares with a par value of HK$0.01 each.

(b) Pursuant to the written resolution passed by the sole shareholder on 4 May 2017, the authorised share capital of the Company was increased from HK$390,000 to HK$20,000,000 by the creation of an additional of 1,961,000,000 shares each which rank pari passu in all respects with the existing shares.

(c) On 26 May 2017, the Company issued 128,300,000 ordinary shares of HK$0.01 each pursuant to the Company's listing on the GEM of the Stock Exchange by way of share offer at a price of HK$0.68 per share. Total gross proceeds from the share offer of HK$87,244,000, before the share issue expenses of HK$11,177,000, were credited to the share premium accounts.

(d) Pursuant to the written resolution passed by the sole shareholder on 4 May 2017, a sum of approximately HK$3,849,000 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par a total of 384,899,220 new shares for allotment and issue to Jayden Wealth upon listing on 26 May 2017.

19. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

(b) Capital reserve

Capital reserve of the Group represents the capital contribution from the controlling shareholder of certain subsidiaries now comprising the Group before completion of the Reorganisation.

During the year ended 30 September 2017, an amount of HK$35,000,000 was transferred to retained profits to facilitate future distributions.

(c) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2 to the consolidated financial statements.

(d) Investment revaluation reserve

Investment revaluation reserve of the Group represents the accumulative net change in fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 30 September 2018

20. OTHER CASH FLOW INFORMATION

(a) Cash from (used in) operations

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES	–	–
Profit before income tax	**29,345**	21,804
Adjustments for:		
Bank interest income	**(748)**	(17)
Depreciation of plant and equipment	**408**	255
Dividend income from investments	**(1,588)**	(98)
Exchange difference	**75**	–
Loss (gain) on disposal of available-for-sale financial assets	**5**	(1,200)
Loss on disposal of financial assets at fair value through profit or loss	**2,399**	–
Loss on disposal of plant and equipment	**–**	2
Net unrealised loss on financial assets at fair value through profit or loss	**125**	125
Provision for allowance on doubtful debts	**1,100**	–
Cash flows from operations before movements in working capital	**31,121**	20,871
Trade and other receivables and prepayments	**(8,666)**	(5,117)
Financial assets at fair value through profit or loss	**19,458**	(21,867)
Other payables, receipt in advance and accruals	**1,824**	1,939
Cash from (used in) operations	**43,737**	(4,174)

(b) Major non-cash transaction

In August 2018, Baron Canada exercised 16,666 share options in exchange for 16,666 shares of underlying equity securities and classified them as available-for-sale financial assets. At the date of exercise, the fair value of the share options amounted at approximately CAD61,000 (equivalent to approximately HK$367,000), while the fair value of the 16,666 shares of underlying equity securities were amounted to approximately CAD71,000 (equivalent to approximately HK$428,000) with a transaction fee of approximately CAD26,000 (equivalent to approximately HK$157,000), which resulted in loss on exercise of approximately CAD16,000 (equivalent to approximately HK$96,000).

21. ACQUISITION OF A SUBSIDIARY

In April 2018, the Group acquired 100% equity interests of Baron Canada from BGI Group Limited, at a consideration of CAD6,150,000 (equivalent to approximately HK$36,900,000), which was settled by cash. Baron Canada is engaged in provision of business consulting services.

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

	HK$'000
Consideration	
Cash paid	36,900
Recognised amounts of identifiable assets acquired and liabilities assumed	
Plant and equipment	347
Available-for-sale financial assets	5,611
Financial assets at fair value through profit or loss	807
Trade and other receivables	2,184
Bank balances and cash	7,431
Other payables	(342)
Income tax payables	(2,645)
Deferred tax payables	(459)
Total identifiable net assets	12,934
Goodwill arising on acquisition (note 11)	23,966
	36,900

Net cash flow on acquisition of a subsidiary	HK$'000
Net cash acquired from the subsidiary	7,431
Cash consideration paid	(36,900)
	(29,469)

In respect of the acquired subsidiary, the fair value of trade and other receivables acquired included trade receivables with a fair value of approximately HK$1,677,000. The total gross contractual amount of the trade receivables is approximately HK$1,677,000, of which no balance is expected to be uncollectible.

The goodwill arising from the acquisition is attributable to the growth and profit potential as a result of benefiting from expansion of its business internationally. For details, please refer to the Company's circular dated 21 March 2018. None of the goodwill recognised is expected to be deductible for income tax purposes. Acquisition-related expense of approximately HK$370,000 has been recognised in the administrative expenses and other operating expenses.

Since acquisition, the acquired business contributed revenue of approximately HK$2,706,000 and loss of approximately HK$139,000 to the Group. If the business combination effected during the year had been taken up at the beginning of the year ended 30 September 2018, the consolidated revenue and profit of the Group would have been approximately HK$8,603,000 and approximately HK$307,000 respectively.

Notes to the Consolidated Financial Statements

Year ended 30 September 2018

22. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company and was effective on 4 May 2017. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years from the date of its adoption on 4 May 2017. The purpose of the 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 Scheme, the directors of the Company 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 Scheme are set out in Report of Directors.

Since the adoption of the Scheme and up to 30 September 2018, no option has been granted by the Company.

23. RETIREMENT BENEFITS SCHEME

The Group joins a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the scheme vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

Overseas subsidiaries (including the PRC) also operate pension schemes or similar arrangements for their employees in accordance with the statutory requirements prescribed by the relevant legal authorities. The subsidiary of the Group is required to contribute certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 30 September 2018, the total amount contributed by the Group to the schemes and charged to the consolidated statement of comprehensive income was approximately HK$613,000 (2017: HK$442,000).

24. RELATED PARTIES TRANSACTIONS

In addition to the related-party transactions/information disclosed elsewhere in the notes to the consolidated financial statements, the remuneration of directors of the Company who are the executive directors of the Group during the years ended 30 September 2018 and 2017 is set out in note 7 to the consolidated financial statements. The remuneration of members of key management personnel other than directors as disclosed in note 7 to the consolidated financial statements was as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and other benefits	**1,622**	729
Retirement benefit scheme contributions	**33**	18
	1,655	747

The remuneration of key management personnel is determined by the performance of individuals and market trends.

During the year ended 30 September 2018, the Group acquired the entire issued share capital of Baron Canada from BGI Group Limited, which is wholly owned by Mr. Wan Chuen Chung Joseph, who is the father of Ms. Letty Wan, the Chairperson and executive director of the Company, and is therefore a close member of the family of a person who is a member of the key management personnel of the Company under HKAS 24 "Related Party Disclosures". For details, please refer to the Company's circular dated 21 March 2018.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise available-for-sale financial assets, financial assets at fair value through profit or loss, trade receivables and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as other receivables and other payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are credit risk, market price risk and liquidity risk.

The directors of the Company generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum level. The directors of the Company review and agree policies for managing each risk as summarised below and they manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	2018 **HK$'000**	2017 HK$'000
Trade and other receivables	**40,093**	31,769
Bank balances and cash	**72,589**	73,881
	112,682	105,650

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

The management considers the credit risk in respect of bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

In order to minimise the credit risk, the management of the Group has delegated a team for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

At 30 September 2018, the Group had a concentration of credit risk as approximately 14% (2017: 50%) of the total trade receivables was due from the Group's largest customer, and approximately 55% (2017: 91%) of the total trade receivables was due from the Group's five largest customers.

None of the Group's financial assets are pledged.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market price risk

The Group is exposed to market price risk arising from the listed investments under available-for-sale financial assets and financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to market price risk.

At 30 September 2018, if the quoted market prices of the listed investments classified as available-for-sale financial assets had been 4% (2017: Nil) higher or lower while all other variables were held constant, the Group's investment revaluation reserve for the year would be changed by approximately HK$308,000 (2017: Nil).

At 30 September 2018, if the quoted market prices of the listed investments under financial assets at fair value through profit or loss had been 4% (2017: 4%) higher or lower while all other variables were held constant, the Group's profit before taxation for the year would increase/decrease by approximately HK$13,000 (2017: HK$877,000).

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2017.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The undiscounted contractual maturity profile of the Group's financial liabilities at 30 September 2018 and 2017, based on the earliest date on which the Group is required to settle is, within 3 months or no fixed terms of repayment.

26. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the 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

	2018			2017
	Level 1 HK$'000	**Level 2 HK$'000**	**Total HK$'000**	Level 1 HK$'000
Available-for-sale financial assets	**7,693**	**–**	**7,693**	–
Financial assets at fair value through profit or loss	**–**	**315**	**315**	21,918

During the years ended 30 September 2018 and 2017, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurements.

(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.

27. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had total future minimum lease payments in respect of office premises under non-cancellable operating leases, which are payable as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**10,871**	2,514
In the second to fifth years inclusive	**17,883**	–
Over five years	**4,133**	
	32,887	2,514

Leases are negotiated for a term ranging from 1 year to 9 years (2017: 3 years).

28. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividends to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 30 September 2018 and 2017.

VBG Capital is regulated by the Hong Kong Securities and Futures Commission and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). VBG Capital is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of VBG Capital to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. VBG Capital has complied with the capital requirements imposed by the SF(FR)R during the years ended 30 September 2018 and 2017.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2018 HK$'000**	2017 HK$'000
Non-current assets			
Investment in a subsidiary	10	**–**	–
Current assets			
Financial assets at fair value through profit or loss		**–**	21,769
Other receivables and prepayment		**500**	93
Due from subsidiaries		**54,472**	6,199
Bank balances and cash		**33,251**	48,726
		88,223	76,787
Current liabilities			
Other payables		**1,529**	1,562
Due to subsidiaries		**–**	8,008
Tax payables		**204**	–
		1,733	9,570
Net current assets		**86,490**	67,217
NET ASSETS		**86,490**	67,217
Capital and reserves			
Share capital	18	**5,132**	5,132
Reserves	29(a)	**81,358**	62,085
TOTAL EQUITY		**86,490**	67,217

This statement of financial position was approved and authorised for issue by the Board of Directors on 7 December 2018 and signed on its behalf by

Wan Ho Yan Letty
Director

Hui Ringo Wing Kun
Director

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Reserve

	Share premium HK$'000 (note 19a)	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 30 September 2016	–	–	–
Profit for the year and total comprehensive income for the year	–	1,978	1,978
Transactions with owners			
Contribution and distribution			
Issue of new shares by way of share offer (note 18(c))	85,961	–	85,961
Capitalisation issue (note 18(d))	(3,849)	–	(3,849)
Transaction costs attributable to issue of new shares	(11,177)	–	(11,177)
Dividends (note 9)	–	(10,828)	(10,828)
Total transactions with owners for the year	70,935	(10,828)	60,107
At 30 September 2017	**70,935**	**(8,850)**	**62,085**
Profit for the year and total comprehensive income for the year	**–**	**29,537**	**29,537**
Transactions with owners			
Contribution and distribution			
Dividends (note 9)	**–**	**(10,264)**	**(10,264)**
Total transactions with owners for the year	**–**	**(10,264)**	**(10,264)**
At 30 September 2018	**70,935**	**10,423**	**81,358**

Summary of Results, Assets and Liabilities of the Group

Year ended 30 September 2018

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years. The financial information for the year ended/as at 30 September 2018 and 2017 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 30 September 2016, 2015 and 2014 is extracted from the Prospectus.

	Results of the Group for the five years ended 30 September				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**76,749**	63,329	57,377	55,955	13,433
Profit (Loss) before income tax	**29,345**	21,804	20,582	38,417	(4,359)
Income tax expenses	**(5,235)**	(5,824)	(5,725)	(2,060)	–
Profit (Loss) for the year	**24,110**	15,980	14,857	36,357	(4,359)
Other comprehensive income for the year	**1,549**	–	–	–	–
Total comprehensive income (loss) for the year	**25,659**	15,980	14,857	36,357	(4,359)

	Assets and liabilities of the Group as at 30 September				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**25,718**	1,228	7,121	1,387	1,724
Current assets	**122,330**	127,782	35,356	57,277	8,677
Total assets	**148,048**	129,010	42,477	58,664	10,401
Current liabilities	**16,642**	13,458	8,144	4,628	16,722
Non-current liabilities	**459**	–	–	–	–
Net assets (liabilities)	**130,947**	115,552	34,333	54,036	(6,321)