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
2018-2019

* *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
Suites 4505-06, 45/F., Tower 1
Lippo Centre
89 Queensway
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 54, 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 2019

— The Company and its subsidiaries (the "**Group**") recorded a revenue of approximately HK$41.5 million for the year ended 30 September 2019, representing a decrease of approximately 45.9% when compared with the revenue of approximately HK$76.7 million for the year ended 30 September 2018.

— The Group recorded a loss of approximately HK$23.3 million for the year ended 30 September 2019 compared with profit of approximately HK$24.1 million for the year ended 30 September 2018. The loss for the year ended 30 September 2019 was attributable to a decrease in revenue as a result of (i) a decrease in contribution from the Group's provision of corporate finance advisory services mainly because the number of new IPO sponsorship engagements handled by the Group decreased from 9 for the year ended 30 September 2018 to 4 for the year ended 30 September 2019; (ii) a decrease in contribution from the Group's provision of placing and underwriting services as the total number of engagements for placing and underwriting decreased from 15 for the year ended 30 September 2018 to 3 for the year ended 30 September 2019; and (iii) a decrease in contribution from the Group's provision of business consulting services mainly due to a decrease in the number of high value transactions (over HK$1 million) in relation to the business consulting services handled by the Group from 4 for the year ended 30 September 2018 to nil for the year ended 30 September 2019, as well as an increase in staff costs, rental expenses and professional fees.

— The basic and diluted loss per share for the year ended 30 September 2019 was approximately HK4.54 cents and the basic and diluted earnings per share for the year ended 30 September 2018 was approximately HK4.70 cents.

— The Directors did not recommend the payment of a final dividend in respect of the year ended 30 September 2019.

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 2019.

REVIEW

During the year under review, uncertainties over Sino-US trade war, the risk of a global economic slowdown, together with changes in regulatory environment in Hong Kong had created a challenging business environment for the Group.

For the year ended 30 September 2019, the Group recorded a loss of approximately HK$23.3 million compared to a profit of approximately HK$24.1 million for the year ended 30 September 2018 due to a decrease in the Group's revenue. The Group's revenue decreased by approximately 45.9% to approximately HK$41.5 million for the year ended 30 September 2019 as compared to the Group's revenue of approximately HK$76.7 million for the year ended 30 September 2018 primarily attributable to a decrease in the overall number of high value transactions (over HK$1 million) handled by the Group from 23 for the year ended 30 September 2018 to 12 for the year ended 30 September 2019.

OUTLOOK

Looking ahead, we expect the business environment in 2020 will remain challenging for the Group. In June 2019, the Company entered into an agreement for the acquisition of Wealth Link Securities Limited ("**Wealth Link**"). We are confident that upon completion of the acquisition, the Group will benefit from Wealth Link's client network enabling the Group to expand its distribution channel for placing and underwriting of securities for IPO clients. The Group's diversification into asset management business should help maximize returns to the Company's shareholders and broaden revenue sources of the Group.

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.

Wan Ho Yan Letty
Chairperson and Executive Director

Hong Kong, 6 December 2019

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 of Hong Kong Limited (the "**Stock Exchange**") mainly in Hong Kong, 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 GEM Listing Rules or the Codes on Takeovers and Mergers in the capacity of financial advisers; giving opinions or recommendations to the independent board committees and independent shareholders of the Group's 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 2019, the Group's revenue decreased by approximately 45.9% to approximately HK$41.5 million (2018: approximately HK$76.7 million) primarily attributable to a decrease in the overall number of high value transactions (over HK$1 million) handled by the Group from 23 for the year ended 30 September 2018 to 12 for the year ended 30 September 2019.

For the year ended 30 September 2019, the Group's revenue generated from the provision of corporate finance advisory services decreased by approximately 40.7% to approximately HK$30.4 million (2018: approximately HK$51.3 million), accounting for approximately 73.3% of the Group's total revenue (2018: approximately 66.9%). Such decrease was primarily attributable to (i) a decrease in the number of new IPO sponsorship engagements handled by the Group from 9 for the year ended 30 September 2018 to 4 for the year ended 30 September 2019; (ii) a decrease in the number of successful completion of IPO sponsorship projects handled by the Group from 2 for the year ended 30 September 2018 to 1 for the year ended 30 September 2019; and (iii) a decrease in the total number of engagements for corporate finance advisory services handled by the Group from 55 for the year ended 30 September 2018 to 52 for the year ended 30 September 2019.

For the year ended 30 September 2019, the Group's revenue generated from the provision of placing and underwriting services decreased by approximately 42.3% to approximately HK$6.4 million (2018: HK$11.1 million) primarily attributable to a decrease in the total number of engagements for placing and underwriting handled by the Group from 15 for the year ended 30 September 2018 to 3 for the year ended 30 September 2019.

Management Discussion and Analysis

For the year ended 30 September 2019, the Group's revenue generated from the provision of business consulting services decreased by approximately 67.4% to approximately HK$4.7 million (2018: approximately HK$14.4 million) mainly due to a decrease in the number of high value transactions (over HK$1 million) in relation to the business consulting services handled by the Group from 4 for the year ended 30 September 2018 to nil for the year ended 30 September 2019.

Administrative expenses and other operating expenses

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

For the year ended 30 September 2019, the Group's administrative expenses and other operating expenses increased by approximately 44.3% to approximately HK$66.5 million (2018: approximately HK$46.1 million). Such increase was primarily attributable to (i) an increase in staff costs and related expenses to approximately HK$42.2 million (2018: approximately HK$33.6 million); (ii) an increase in professional fees to approximately HK$7.0 million (2018: approximately HK$2.4 million); (iii) an increase in operating lease payments on premises to approximately HK$10.2 million (2018: approximately HK$6.0 million); and (iv) written off of other receivables of approximately HK$1.2 million (2018: nil).

The increase in staff costs and related expenses for the year ended 30 September 2019 was mainly attributable to (i) new headcount as a result of the acquisition of Baron Global Financial Canada Ltd. ("**Baron Canada**") which was completed on 30 April 2018; (ii) expansion of the Group's corporate finance team; and (iii) an increase in discretionary bonus.

Income tax credit

The Group's income tax credit amounted to approximately HK$5.6 million for the year ended 30 September 2019, as compared to income tax expense of approximately HK$5.2 million for the year ended 30 September 2018, resulting from over-provision of tax expenses in prior years.

Loss for the year

As a result of foregoing, the Group recorded a loss of approximately HK$23.3 million for the year ended 30 September 2019 as compared to a profit of approximately HK$24.1 million for the year ended 30 September 2018.

Net loss margin

For the year ended 30 September 2019, the Group's net loss margin ratio was approximately 56.1% (2018: net profit margin of approximately 31.4%).

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2019, all of the Group's cash and cash equivalents, except (i) a sum of approximately HK$16.2 million in US dollars for treasury purpose, and (ii) a minimum amount of approximately HK$3.3 million and HK$0.2 million, in Renminbi ("**RMB**") and Canadian dollar ("**CAD**"), 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 of this annual report, the Group's financial resources are sufficient to support its business and operations.

Banking borrowings

As at 30 September 2019, the Group had no banking facilities and no borrowings (2018: nil).

Charge on assets

The Group did not have any charges on its assets as at 30 September 2019 (2018: nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2019 (2018: nil).

Current ratio

As at 30 September 2019, the Group's current ratio was approximately 5.9 times (2018: approximately 7.4 times).

Gearing ratio

As at 30 September 2019, the Group did not have any interest-bearing borrowings and hence the gearing ratio was zero (2018: zero).

Capital structure

The Group's equity consists only of ordinary shares.

The Group's objective in managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the Company's shareholders. The Group's overall strategy remains unchanged since the listing (the "**Listing**") of the shares of the Company on GEM of the Stock Exchange.

The Group's risk management reviews the capital structure on a regular basis. As part of the Group's 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 bank balance denominated in RMB is insignificant, (ii) the bank balance denominated in US dollars is less fluctuated when Hong Kong dollars is pegged to the US dollars, and (iii) the financial assets at fair value through profit or loss denominated in US dollars is less fluctuated when Hong Kong dollars is pegged to the US dollars. For the year ended 30 September 2019, 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

Looking ahead, the business environment in 2020 will remain challenging for the Group. The Group is confident that upon completion of the acquisition of Wealth Link Securities Limited ("**Wealth Link**"), the Group will benefit from Wealth Link's client network enabling the Group to expand its distribution channel for placing and underwriting of securities for IPO clients. The Group's diversification into asset management business should help maximize returns to the Company's shareholders and broaden revenue sources of the Group.

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 2019.

Management Discussion and Analysis

Comparison between business objectives and actual business progress

Below sets out a comparison of the business objectives as stated in the Prospectus and the announcement of, among others, change in use of proceeds published by the Company on 13 September 2019 with the Group's actual business progress up to 30 September 2019:

Business objectives up to 30 September 2019	**Actual business progress up to 30 September 2019**
Expansion of the Group's placing and underwriting business	The Company has entered into an agreement for the acquisition of Wealth Link Securities Limited to expand its distribution channel for the Group's placing and underwriting business in June 2019.
Enhancement and strengthening of the Group's financial advisory business by maintaining and expanding its corporate finance team	New staff was recruited to expand the Group's corporate finance team. As at 30 September 2019, there were 5 and 23 professional employees of the Group properly licensed and registered with the Securities and Futures Commission as responsible officers and licensed representatives respectively.
Expansion of the Group's network internationally and across the PRC	The Group has established presence in Italy under a memorandum of understanding entered into by the Company with PA Ergon Legal in Italy in December 2017, as well as in the PRC through a strategic cooperation agreement entered into by the Company with 廣發證券股份有限公司珠海分公司 in November 2018.

Use of proceeds

The net 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). The Group adjusted the use of Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

Uncertainties over Sino-US trade war, the risk of a global economic slowdown, together with changes in regulatory environment in Hong Kong, have created a challenging business environment for the Group in 2019. The Group expects that the uncertainties in the business environment would continue in the near term which could impact negatively on the Group's corporate finance advisory business and placing and underwriting business. In view of the circumstances, the Board has decided to establish and develop asset management business within the Group with a view to maximizing returns to the Company's shareholders and broadening revenue sources of the Group. On 13 September 2019, the Board resolved to change the use of HK$5.0 million out of the remaining balance of the unutilised Net Proceeds to develop asset management business. Breakdown of the adjusted Net Proceeds, the breakdown of the amount of utilised Net Proceeds and the remaining balance as at 30 September 2019 are summarised as follows:

	Adjusted Net Proceeds HK$ million	Amount of utilised Net Proceeds as at 30 September 2019 HK$ million	Balance HK$ million
To expand the Group's placing and underwriting business	34.3	13.7	20.6
To enhance and strengthen the Group's financial advisory business by maintaining and expanding its corporate finance team	5.5	5.5	—
To develop asset management business	5.0	0.3	4.7
To expand the Group's network internationally and across the PRC	12.1	8.6	3.5
General working capital	2.0	2.0	—
Total	58.9	30.1	28.8

As at 30 September 2019, unutilised Net Proceeds of approximately HK$6.0 million were deposited in licensed banks in Hong Kong and unutilised Net Proceeds of approximately HK$22.8 million were placed on short-term interest bearing instrument with licensed banks in Hong Kong.

Material acquisitions and disposals of subsidiaries

During the year ended 30 September 2019, the Company entered into an agreement for the acquisition of Wealth Link. Completion of the acquisition does not take place as at the date of this annual report. Save and except such acquisition, the Group did not have any material acquisitions and disposal of subsidiaries during the year ended 30 September 2019.

Significant investments held

Save for the overseas listed and unlisted equity securities and the unlisted options as disclosed in note 14 and note 15 to the consolidated financial statements in this annual report, the Group did not hold any significant investments as at 30 September 2019.

OTHER INFORMATION

Profit guarantee in relation to the acquisition of Baron Canada

Reference is made to the Company's announcement dated 19 December 2017 (the "**Announcement**") and its circular dated 21 March 2018 (the "**Circular**") in respect of the Company's acquisition of the entire issued shares of and the shareholder's loan in Baron Canada. Unless otherwise stated, capitalised terms used below shall have the same meanings as those defined in the Announcement and the Circular.

As stated in the Announcement and the Circular, the Seller provided an undertaking that if the amount of 2018 Audited Net Profit of Baron Canada falls below the amount of 2017 Audited Net Profit of Baron Canada, the Seller shall pay the Purchaser a sum calculated in accordance with the formula set out in the Announcement and the Circular.

Baron Canada's performance was considered to be satisfactory and that the actual 2018 Audited Net Profit of Baron Canada amounted to CAD773,389 was higher than the 2017 Audited Net Profit of Baron Canada amounted to CAD658,351. Accordingly, Baron Canada was able to meet with the above profit guarantee.

Employees and remuneration policies

As at 30 September 2019, the Group employed a total of 48 employees (2018: 58). For the year ended 30 September 2019, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK$42.2 million (2018: approximately HK$33.6 million). Employees' remuneration is determined with reference to market terms and the performance, qualifications and experience of employees. Apart from basic remuneration, the Company may grant share options under the share option scheme (please refer to the disclosure in the section headed "Appendix IV — Statutory and general information" of the Prospectus) adopted by the Company on 4 May 2017 to eligible employees by reference to the Group's performance as well as the individual employee's contributions to the development and growth of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Major customers and suppliers

During the year ended 30 September 2019, the revenue attributable to the Group's largest customer accounted for approximately 12.3% (2018: approximately 10.1%) of the Group's total revenue and the revenue attributable to the Group's top five largest customers accounted for approximately 39.1% (2018: approximately 38.2%) 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 did not recommend payment of a final dividend for the year ended 30 September 2019 (2018: HK$0.02 per share).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Wan Ho Yan Letty ("Ms. Wan"), aged 38, 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 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 other companies 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 38, 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 business 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 69, 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. During the period from January 2008 to February 2016 and October 2017 to May 2019, Mr. Wan was a director of Ping An Securities Limited.

Mr. Wan is currently a director and a responsible officer for Types 1, 4 & 9 regulated activities with LVS Wealth Management 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 65, 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 57, 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.

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)	The Stock Exchange (stock code: 8020)	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.)	The Stock Exchange (stock code: 1048)	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.	OTC Bulletin Board (stock code: MXOM)	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	The Stock Exchange (stock code: 0261)	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 41, 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 15 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 & Futures Commission as a responsible officer for Type 6 regulated activity. During the period from September 2016 to May 2019, Mr. Ho was registered with the Securities & 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. He was also a consultant of Huabang Securities Limited (formerly known as Qian Hai Securities Limited).

At present, Mr. Ho is an executive director of Glory Sun Securities Limited, a subsidiary of Glory Sun Financial Group Limited (stock code: 1282). Currently, he does not hold any other directorship in other public listed companies.

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

Legal Counsel and Company Secretary

Mr. Lo Tsz Kit Harry ("Mr. Lo"), aged 55, 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 of the Stock Exchange. 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.

Biographical Details of Directors and Senior Management

Financial Controller

Mr. Wong Octokid ("Mr. Wong"), aged 34, joined the Group in September 2019 as financial controller. Mr. Wong has more than 10 years of experience in audit and accounting. Prior to joining the Group, he was a financial controller in a company listed on the main board of the Stock Exchange. From June 2009 to February 2013, he worked in two international accounting firms. Mr. Wong obtained a Bachelor of Business Administration (Honours) degree in Accounting from Hong Kong Baptist University in November 2007. He is a member of the Hong Kong Institute of Certified Public Accountants.

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 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 2019 (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

Code provision A.2.1 of the CG Code provides that 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 separate. 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 business 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 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(s) 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 Mr. Kam Cheuk Fai David and Mr. William Robert Majcher as independent non-executive Director, have each 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 Company's articles of association (the "**Articles**").

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.

Corporate Governance Report

Pursuant to Article 84 of 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 Mr. Hui Ringo Wing Kun and one independent non-executive Director, being Mr. Kam Cheuk Fai David, will retire and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**") during the Year. The Board Diversity Policy provides that, amongst other things, the appointments to the Board and the continuation of those appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. To implement the Board Diversity Policy, the following measurable objectives were adopted by the Board:

- Selection of candidates of the Board members will be based on a range of diversity perspectives, including but not limited to, professional experience, business perspective, skills, knowledge, gender, age, educational background and length of service and other factors considered to be relevant by the Board from time to time.

- The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee is responsible for monitoring the achievement of the above measurable objectives.

The Board has achieved most of the measurable objectives under the Board Diversity Policy during the Year.

NOMINATION POLICY

Pursuant to the CG Code, the Board has adopted a policy for nomination of directors (the "**Nomination Policy**") during the Year. The Nomination Policy provides for the criteria and procedures to be adopted when considering candidates to be appointed or re-elected as directors of the Company.

Selection criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship:

- Character and integrity.

- Professional qualifications, skills, knowledge and experience that are relevant to the Company's business.

- Ability to devote adequate time to discharge duties as a member of the Board.

- Board diversity policy of the Company.

- Requirement for the Board to have independent directors in accordance with the GEM Listing Rules and whether the candidates would be considered independent in accordance with the GEM Listing Rules.

- Such other perspectives appropriate to the Company's business or as suggested by the Board.

Nomination procedures
The chairman of the Nomination Committee may invite nominations of candidates from the Board members, if any, for consideration by the Nomination Committee. The Nomination Committee may put forward candidates who are not nominated by the Board members.

Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting, and any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, in accordance with the Articles. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election as director of the Company at any general meeting. The shareholders of the Company may propose a person for election as a director in accordance with the Articles and applicable law.

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 2 meetings to consider retirement of Directors; to review the independence of the independent non-executive Directors as well as the current structure, size and diversity of the Board; and to consider the Nomination Policy.

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 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 certain 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 2018, the first quarterly results of the Group for the three months ended 31 December 2018, the interim results of the Group for the six months ended 31 March 2019 and the third quarterly results of the Group for the nine months ended 30 June 2019. It has also reviewed the effectiveness of the risk management and internal control systems of the Group.

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 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.

Corporate Governance Report

During the Year, the attendance of Directors at the board meetings, committees' meetings, and general meetings 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	4/7	–	–	–	1/1
Mr. Hui Ringo Wing Kun	7/7	–	–	1/2	1/1
Non-Executive Director:					
Mr. Wan Chuen Fai	6/7	–	–	–	1/1
Independent Non-Executive Directors:					
Mr. Kam Cheuk Fai David	6/7	4/4	2/2	2/2	1/1
Mr. William Robert Majcher	6/7	4/4	2/2	2/2	1/1
Mr. Ho Lik Kwan Luke	6/7	4/4	2/2	2/2	1/1

CORPORATE GOVERNANCE FUNCTIONS

Code provision D.3.1 of the CG Code provides that 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.

Corporate Governance Report

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the year ended 30 September 2019 is presented as follow:

	Fee Amount HK$'000
Audit service	680
Audit related services	
— Professional service related to proposed transfer of listing from GEM to the main board of the Stock Exchange	50
— Professional service related to proposed acquisition	200
	930
Tax compliance services	52
Total	982

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the accounts. In preparing the consolidated financial statements for the year ended 30 September 2019, 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 (collectively the "**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants which are effective for the year ended 30 September 2019. A statement by the auditor about their reporting responsibilities is set out in the auditors' report on the financial statements.

DIVIDEND POLICY

Pursuant to the CG Code, the Board has adopted a dividend policy (the "**Dividend Policy**") during the Year. The Dividend Policy provides for the criteria and procedures to be adopted when considering whether to recommend or declare dividends of the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

- Profits generated by the Company during the year.
- Retained earnings and distributable reserves of the Company.
- Working capital requirements, capital expenditure requirements and future expansion plans of the Group.

- Liquidity position of the Group.

- Other factors that the Board may consider relevant and appropriate.

Such declaration and payment of dividend by the Company is also subject to any restrictions under the Cayman Islands laws, any applicable laws, rules and regulations and the Articles. The Board will continually review the dividend policy from time to time and there can be no assurance that dividends will be paid for any given period.

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 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/or watching training webcasts.

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 2019.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall 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 effectiveness of the Group's risk management and internal control matters annually. For the year ended 30 September 2019, the Group did not have an internal audit function. The Company has engaged an external independent professional consultant to carry out the internal audit function. The consultant has conducted an annual review of and made recommendations to improve the effectiveness of the Group's risk management and internal control systems. During the Year, the Board, through its review and the review made by the consultant, was of the view that the risk management and internal control systems of the Group were effective and adequate.

Corporate Governance Report

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 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. The amended and restated Articles of Association of the Company took effect on the Listing Date. 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. During the Year, there has been no change in the Memorandum and Articles of Association of the Company.

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 accounting for approximately 88.7% of the Group's total revenue for the year ended 30 September 2019. It also summarises the highlights of the Group's ESG initiatives and certain performance that considered as material by the Group for the year ended 30 September 2019.

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, the Group's 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 2019, 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 2019 and the corresponding period in 2018:

	GHG Emission	
	2019	**2018**
Type of GHG emissions	**CO_2e emission (kg)**	**CO_2e emission (kg)**
Scope 1	Nil	Nil
Scope 2	27,944.67	27,747.96
Total	**27,944.67**	**27,747.96**
Intensity (kg/square feet)	**5.13**	**5.09**

Note:

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, generation of hazardous and non-hazardous waste during the year ended 30 September 2019. Non-hazardous waste generated during the year ended 30 September 2019 which was mainly commercial waste in office was 632 kg and its intensity was approximately 0.12 kg/square feet (2018: 445 kg and approximately 0.08 kg/square feet).

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 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 2019 and the corresponding period in 2018:

Type of energy	2019 Energy consumed (kWh)	2018 Energy consumed (kWh)
Electricity	35,373	35,124
Intensity* (kWh/square feet)	6.49	6.45

* 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 2019, the total amount of paper consumed was 2,065 kg (2018: 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 the Group's employees' awareness of the importance of saving energy, minimizing paper usage and reduction of waste.

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 2019.

As at 30 September 2019, the Group had a total of 30 employees (2018: 35 employees) comprising 14 males and 16 females (2018: 17 males and 18 females). Below sets out a summary of the Group's employee data as at 30 September 2019 and 2018:

Employees by Gender	**2019**	**2018**
Male	47%	49%
Female	53%	51%
Employees by Age		
30 or below	53%	52%
31 to 40	24%	26%
41 to 50	13%	11%
51 or above	10%	11%
Employees Turnover Rate by Gender		
Male	43%	18%
Female	25%	33%
Employees Turnover Rate by Age		
30 or below	40%	44%
31 to 40	40%	44%
41 to 50	10%	12%
51 or above	10%	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. The Group encourages its 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 2019 and 2018:

	2019		2018	
	Average training hours (hours/employee)	**Percentage of employee trained (%)**	**Average training hours (hours/employee)**	**Percentage of employee trained (%)**
Employee Training by Gender				
Male	10	79	10	59
Female	10	69	10	61
Employee Training by Employment Category				
Senior management	10	100	10	100
Middle management	10	89	10	67
General	10	56	10	48

Occupational Health and Safety

The Group recognizes employees' health and safety at work is the first and foremost consideration at work. In 2019, a number of public protests and demonstrations took place in Hong Kong. The Group always put the safety of its staff in front of all priorities. In view of the risks associated with the staff commuting to work, the staff were advised to work from home on certain days as the roads were considered to be unsafe for them to commute to 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 the Group's 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 2019, 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. The Group is committed to seeking ways to improve every aspect of its operations to create greater value for its customers.

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 2019, there were 5 and 23 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 Stock Exchange 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. The Group's 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 2019, 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 2019, the Group made an aggregate of HK$40,400 charitable donations (2018: HK$133,000).

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 2019.

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 2019 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 11 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 24 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 2019 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 50 to 51 of this annual report.

During the year ended 30 September 2019, the Directors declared an interim dividend of HK$0.01 per share amounting to approximately HK$5,132,000 in respect of the six months ended 31 March 2019 (2018: Nil). The Directors did not recommend the payment of a final dividend in respect of the year ended 30 September 2019.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 110 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 2019 are set out in the "Management Discussion and Analysis" on page 11 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 2019 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 19 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the year ended 30 September 2019.

RESERVES

Details of movement in the reserves of the Group and the Company during the year ended 30 September 2019 are set out in the consolidated statement of changes in equity on pages 52 to 53 of this annual report and in note 29(a) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 September 2019, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately HK$80.3 million (2018: approximately HK$81.4 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 2019.

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 2019, 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.

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 2019 or subsisted at the end of the year.

DONATION

Donations made by the Group during the year amounted to HK$40,400 (2018: HK$133,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended 30 September 2019 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. 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 12 to 16 of this annual report.

Pursuant to the articles of association of the Company, 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.

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 2019.

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.

Report of 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 17 to 25 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Please refer to the section headed "Environmental, Social and Governance Report" on pages 26 to 32 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 30 September 2019, 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 2019, 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.

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 2019, 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.

Report of the Directors

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 2019, 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	352,820,000 (L)	68.75%

Notes:

(1) These 352,820,000 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 2019, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above and "Share Option Scheme" below, neither the Company nor any of its subsidiaries or associated corporations was a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations at any time during the year ended 30 September 2019.

Report of the Directors

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

As at 30 September 2019, 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	352,820,000	—	352,820,000	68.75%

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 2019 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.

Report of the Directors

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 2019 which may, directly or compete with the Group's business.

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 2019 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.

Report of the Directors

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 and 2018.

The consolidated financial statements of the Company for the year ended 30 September 2019 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, 6 December 2019

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 50 to 109, which comprise the consolidated statement of financial position as at 30 September 2019, 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 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 2019, 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 (net of impairment loss) relating to the acquisition of Baron Global Financial Canada Ltd. ("Baron Canada") in 2018 amounted to HK$20 million at 30 September 2019. The carrying amount of the goodwill is significant to the consolidated financial statements. Management's impairment review assessment of the goodwill is based on the recoverable amount of the relevant cash generating unit ("CGU") which involved significant judgements and estimates about the future results of the business.	Our key procedures included: • Assessing the competence, capabilities and objectivity of independent professional valuer that was appointed by the management to assist the management to determine the recoverable amounts of the relevant CGU; • Evaluating and challenging the appropriateness of the model used by the management to calculate the fair value less costs of disposal of the relevant CGU; • Challenging the reasonableness of key assumptions and variables used in the valuation based on our knowledge of the business and industry; and • Challenging the management on the adequacy and appropriateness of sensitivity analysis.

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.*	

Under HKFRS 15, the Group is required to identify the services promised (i.e. performance obligation) and recognise the revenue from corporate finance advisory services and business consulting service when the performance obligation is satisfied according to the underlying service agreement.
 	
The determination of the timing of revenue recognition 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.

Independent Auditor's Report

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Loss allowance for expected credit loss ("ECL") on trade receivables *Refer to note 2, note 16 and note 25 to the consolidated financial statements.*	
As at 30 September 2019, the Group recognised the carrying amount of trade receivables of HK$15.9 million. Loss allowance amounting to HK$2.8 million has been provided on the trade receivables. We considered this matter to be a key audit matter because of their significance to the consolidated financial statements and the assessment of loss allowances for trade receivables requires the management's use of judgement and estimates.	Our key procedures included: • Obtaining an understanding of and evaluating the Group's credit risk policies; • Assessing, on a sample basis, management's judgement over the ECL and creditworthiness of the customers by assessing the available information, such as background information of the customers, past collection history of customers, concentration risk, the Group's actual loss experience, subsequent settlement and ageing analysis of the trade receivables, adjusted for forward-looking factors specific to the debtors and the economic environment; • Assessing the competence, capabilities and objectivity of independent professional valuer that was appointed by the management to assist the management to determine the ECL; and • Challenging the critical judgements made by management regarding the factors considered during the ECL assessment.

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2018-19 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.

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.

Independent Auditor's Report

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.

- 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.

Independent Auditor's Report

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

- 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, 6 December 2019

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

For the year ended 30 September 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	4	**41,541**	76,749
Other income (loss), net	5	**1,772**	(183)
Impairment loss on goodwill	11	**(4,000)**	—
Provision for impairment loss in respect of trade receivables	25(a)	**(1,724)**	(1,100)
Administrative expenses and other operating expenses		**(66,463)**	(46,121)
(Loss) Profit before income tax	6	**(28,874)**	29,345
Income tax credit (expense)	8	**5,557**	(5,235)
(Loss) Profit for the year		**(23,317)**	24,110
Other comprehensive (loss) income:			
Items that will not be reclassified to profit or loss			
Fair value loss on financial assets designated at fair value through other comprehensive income ("**Designated FVOCI**")	14	**(5,152)**	—
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on consolidation		**189**	75
Fair value gain on available-for-sale financial assets	14	**—**	1,474
		189	1,549
Other comprehensive (loss) income for the year		**(4,963)**	1,549
Total comprehensive (loss) income for the year		**(28,280)**	25,659
		HK Cents	HK Cents
(Loss) Earnings per share			
Basic and diluted	12	**(4.54)**	4.70

Consolidated Statement of Financial Position

At 30 September 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Goodwill	11	**19,966**	23,966
Plant and equipment	13	**5,517**	1,752
Designated FVOCI	14	**2,959**	—
Deposits paid for acquisition of a subsidiary	27(b)	**10,000**	—
		38,442	25,718
Current assets			
Available-for-sale financial assets	14	**—**	7,693
Financial assets at fair value through profit or loss ("**FVPL**")	15	**129**	315
Trade and other receivables	16	**24,538**	41,733
Income tax recoverables		**412**	—
Bank balances and cash		**34,238**	72,589
		59,317	122,330
Current liabilities			
Other payables and accruals		**6,687**	2,553
Contract liabilities/Receipt in advance	17	**—**	2,300
Income tax payables		**3,342**	11,789
		10,029	16,642
Net current assets		**49,288**	105,688
Total assets less current liabilities		**87,730**	131,406
Non-current liabilities			
Deferred tax payables	18	**459**	459
NET ASSETS		**87,271**	130,947
Capital and reserves			
Share capital	19	**5,132**	5,132
Reserves		**82,139**	125,815
TOTAL EQUITY		**87,271**	130,947

These consolidated financial statements on pages 50 to 109 were approved and authorised for issue by the Board of Directors on 6 December 2019 and signed on its behalf by

Wan Ho Yan Letty
Director

Hui Ringo Wing Kun
Director

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

	Note	Share capital HK$'000	Share premium HK$'000 (Note 20a)	Capital reserve HK$'000 (Note 20b)	Exchange reserve HK$'000 (Note 20c)	Investment revaluation reserve (recycling) HK$'000 (Note 20d)	Retained earnings/ (Accumulated losses) HK$'000	Total Reserve HK$'000	Total HK$'000
			Reserves						
At 1 October 2017		5,132	70,935	152	1,392	–	37,941	110,420	115,552
Profit for the year		–	–	–	–	–	24,110	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	75
Fair value gain on available-for-sale financial assets		–	–	–	–	1,474	–	1,474	1,474
		–	–	–	75	1,474	–	1,549	1,549
Total comprehensive income for the year		–	–	–	75	1,474	24,110	25,659	25,659
Transactions with owners									
Contribution and distribution									
Dividends	9	–	–	–	–	–	(10,264)	(10,264)	(10,264)
Total transactions with owners for the year		–	–	–	–	–	(10,264)	(10,264)	(10,264)
At 30 September 2018		5,132	70,935	152	1,467	1,474	51,787	125,815	130,947

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

	Note	Share capital HK$'000	Reserves: Share premium HK$'000 (Note 20a)	Capital reserve HK$'000 (Note 20b)	Exchange reserve HK$'000 (Note 20c)	Investment revaluation reserve (recycling) HK$'000 (Note 20d)	Investment revaluation reserve (non-recycling) HK$'000 (Note 20e)	Retained earnings/ (Accumulated losses) HK$'000	Total reserve HK$'000	Total HK$'000
At 1 October 2018		5,132	70,935	152	1,467	1,474	–	51,787	125,815	130,947
Impact on initial application of HKFRS 9	2	–	–	–	–	(1,474)	1,474	–	–	–
As restated		5,132	70,935	152	1,467	–	1,474	51,787	125,815	130,947
Loss for the year		–	–	–	–	–	–	(23,317)	(23,317)	(23,317)
Other comprehensive income (loss) for the year										
Items that will not be reclassified to profit or loss										
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	14	–	–	–	–	–	537	(537)	–	–
Fair value loss on Designated FVOCI	14	–	–	–	–	–	(5,152)	–	(5,152)	(5,152)
		–	–	–	–	–	(4,615)	(537)	(5,152)	(5,152)
Item that are or may be reclassified subsequently to profit or loss										
Exchange difference on consolidation		–	–	–	189	–	–	–	189	189
Total other comprehensive income (loss) for the year		–	–	–	189	–	(4,615)	(537)	(4,963)	(4,963)
Total comprehensive income (loss) for the year		–	–	–	189	–	(4,615)	(23,854)	(28,280)	(28,280)
Transactions with owners										
Contribution and distribution										
Dividends	9	–	–	–	–	–	–	(15,396)	(15,396)	(15,396)
Total transactions with owners for the year		–	–	–	–	–	–	(15,396)	(15,396)	(15,396)
At 30 September 2019		5,132	70,935	152	1,656	–	(3,141)	12,537	82,139	87,271

Consolidated Statement of Cash Flows

Year ended 30 September 2019

	Note	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Cash (used in) from operations	21(a)	**(6,399)**	43,737
Bank interest received		**1,022**	748
Tax paid		**(3,302)**	(6,862)
Net cash (used in) from operating activities		**(8,679)**	37,623
INVESTING ACTIVITIES			
Dividends received from investments		**—**	1,588
Net cash flows on acquisition of a subsidiary		**—**	(29,469)
Deposits paid for acquisition of a subsidiary		**(10,000)**	—
Purchase of available-for-sale financial assets		**—**	(605)
Purchase of plant and equipment		**(4,494)**	(585)
Proceeds from disposal of available-for-sale financial assets		**—**	420
Purchase of Designated FVOCI		**(484)**	—
Proceeds from disposal of Designated FVOCI		**702**	—
Net cash used in investing activities		**(14,276)**	(28,651)
FINANCING ACTIVITIES			
Dividends paid	9	**(15,396)**	(10,264)
Net cash used in financing activities		**(15,396)**	(10,264)
Net decrease in cash and cash equivalents		**(38,351)**	(1,292)
Cash and cash equivalents at beginning of year		**72,589**	73,881
Cash and cash equivalents at end of year, represented by bank balances and cash		**34,238**	72,589

Notes to the Consolidated Financial Statements

For the year ended 30 September 2019

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 GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of placing and public offering 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

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 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 2018 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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs

HK(IFRIC)-Int 22: Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

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

HKFRS 9: Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

(a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:

  (i) the determination of the business model within which a financial asset is held;

  (ii) the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, Designated FVOCI; and

  (iii) the de-designation of financial assets or financial liabilities at FVPL.

  The above resulting classification shall be applied retrospectively.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 9: Financial Instruments (Continued)

Differences between the previous carrying amounts under HKAS 39 and the current carrying amounts upon adoption of HKFRS 9 are recognised directly in components of equity at 1 October 2018 as summarised below:

	Investment revaluation reserve (recycling)	Investment revaluation reserve (non-recycling)	Total
	HK$'000	HK$'000	HK$'000
At 1 October 2018			
Reclassification	(1,474)	1,474	—

Classification and measurement of financial assets and financial liabilities

Financial liabilities

The adoption of HKFRS 9 has no significant effect on the classification and measurement of the Group's financial liabilities.

Financial assets

Investments previously classified as available-for-sale financial assets

The listed equity securities that were previously classified as available-for-sale financial assets amounted to HK$7,693,000 are now classified as Designated FVOCI since, at the date of initial application, these investments are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies and are designated as Designated FVOCI.

Related fair value gain of HK$1,474,000 as at 1 October 2018 were transferred from investment revaluation reserve (recycling) to investment revaluation reserve (non-recycling) on 1 October 2018.

Investments previously classified as FVPL

The unlisted options that were previously classified as financial assets at FVPL amounted to HK$315,000 continue to be classified as financial assets at FVPL because, at the date of initial application, the investment is held for trading.

Other financial assets

Trade and other receivables, bank balances and cash amounted to HK$40,093,000 and HK$72,589,000 respectively, continue to be measured at amortised cost because, at the date of initial application, the Group's business model is to hold these investments to collect the contractual cash flows and the cash flows represent solely payments of principal and interest on the principal amount outstanding.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 9: Financial Instruments (Continued)

ECL

The ECL model under HKFRS 9 requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Impairment based on ECL model on these financial assets upon the adoption of HKFRS 9 has no significant financial impact to the consolidated financial statements.

HKFRS 15: Revenue from Contracts with Customers

HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. The Standard establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has elected to apply the cumulative effect transition method and recognised the cumulative effect of initial adoption, if any, as an adjustment to the opening balance of components of equity at 1 October 2018 (i.e. the date of initial application). Therefore, the comparative information has not been restated for the effect of HKFRS 15.

The adoption of HKFRS 15 does not have any significant impact on the measurement and recognition of revenue of the Group but additional disclosures have been made throughout the financial statements.

Within the context of HKFRS 15, a receivable is an entity's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due. If an entity performs by transferring services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the entity transfers service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

Before the adoption of HKFRS 15, contract balances received before services transferred relating to corporate finance advisory services, placing and underwriting services and business consultancy services contracts were presented in the consolidated statement of financial position under "Receipt in advance". However, under HKFRS 15, "Receipt in advance" of HK$2,300,000 was reclassified into "Contract liabilities" at the date of initial application of HKFRS 15.

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for Designated FVOCI (2018: available-for-sale financial assets) and financial assets at FVPL, 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 intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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

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
Furniture, fixtures and office equipment	5 years
Computer 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

Financial assets

Recognition and derecognition

Financial assets 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.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement – applicable from 1 October 2018

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt instrument measurement at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) Designated FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "reclassification date").

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement – applicable from 1 October 2018 (Continued)

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables and bank balances and cash.

2) Designated FVOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's Designated FVOCI includes listed equity securities not held for trading.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement – applicable from 1 October 2018 (Continued)

3) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include unlisted options.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement – applicable before 1 October 2018

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

1) 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.

2) 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.

3) Financial assets at FVPL

Financial assets at FVPL 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. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

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 liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

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

Impairment of financial assets and other items under HKFRS 9

Applicable from 1 October 2018

The Group recognises loss allowances for ECL on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

Applicable from 1 October 2018 (Continued)

Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on (i) past due information and/or (ii) nature of instrument.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, except in the case of Mandatory FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

Applicable from 1 October 2018 (Continued)

Assessment of significant increase in credit risk (Continued)

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Simplified approach of ECL

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Applicable before 1 October 2018

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

Applicable before 1 October 2018 (Continued)

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.

Revenue recognition

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Applicable from 1 October 2018

Revenue from contracts with customers within HKFRS 15

The nature of the goods or services provided by the Group is principally engaged in the provision of corporate finance advisory services, placing and underwriting services and business consultancy services.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Applicable from 1 October 2018 (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or services (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Applicable from 1 October 2018 (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition (Continued)

For financial advisory and business consulting services, the Group recognised the revenue over time when the relevant transactions have been arranged or the relevant services have been rendered.

For placing and underwriting commission income, the Group recognised income at a point in time in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Applicable before 1 October 2018

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Contract assets and contract liabilities (Continued)

For corporate finance advisory services and business consulting services, the Group receives the whole or part of the contractual payments before the services from the customer based on specific contract terms. The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

For placing and underwriting services, the Company receives payments from the customer which are in line with the timing of revenue recognition and no significant contract assets or contract liabilities are recognised.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(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.

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Revenue recognition

Revenue from corporate finance advisory services and business consulting services is recognised when performance obligation is satisfied. The Group is required to identify services promised 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 performance obligation is satisfied 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.

Loss allowance for ECL

The Company's management estimates the loss allowance for financial assets at amortised cost including trade and other receivables by using various inputs and assumptions including risk of a default loss. The estimation involves high degree of uncertainty which is based on the Group's past collection history of customers, concentration risk, the Group's actual loss experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the financial assets at amortised cost. Details of the key assumption and inputs used in estimating ECL are set out in note 25 to the consolidated financial statements.

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.

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 relevant to the Group and are not yet effective for the current period, which the Group has not early adopted.

Annual Improvements to HKFRSs	2015–2017 Cycle[1]
HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 19	Employee benefits[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKASs 1 and 8	Definition of Material[2]
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform[2]
Amendments to HKFRS 3	Definition of a Business[3]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020

The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial information for the six months ending 31 March 2020. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs (Continued)

HKFRS 16 (Continued)

The Group is a lessee of various office premises which are currently classified as operating leases. 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 2019 amounted to HK$18,023,000 (2018: HK$32,887,000). 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. The total amount charged to profit or loss for each reporting period is not expected to be significantly different from the operating lease expense recognised under HKAS 17.

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

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

	2019	2018
	HK$'000	HK$'000
Hong Kong	**36,831**	74,043
Canada	**4,710**	2,706
	41,541	76,749

3. SEGMENT INFORMATION (Continued)

Information about geographical areas (Continued)

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	2019 HK$'000	2018 HK$'000
Hong Kong	**12,436**	1,195
The PRC	**180**	264
Canada	**22,867**	24,259
	35,483	25,718

Information about major customers

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

	2019 HK$'000	2018 HK$'000
Customer A	**5,117**	N/A*
Customer B	**4,402**	7,726

* This customer did not individually contribute over 10% of the total revenue from the Group's information segment in 2018.

4. REVENUE

	2019 HK$'000	2018 HK$'000
Revenue from contracts with customers within HKFRS 15		
Corporate finance advisory services	**30,422**	51,270
Placing and underwriting services	**6,409**	11,123
Business consulting services	**4,710**	14,356
	41,541	76,749

4. REVENUE (Continued)

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

	Corporate finance advisory services HK$'000	Placing and underwriting services HK$'000	Business consulting services HK$'000	Total HK$'000
Year ended 30 September 2019				
Timing of revenue recognition:				
— at a point in time	**—**	**6,409**	**—**	**6,409**
— over time	**30,422**	**—**	**4,710**	**35,132**
Total revenue from contracts with customers within HKFRS 15 at fixed price	**30,422**	**6,409**	**4,710**	**41,541**

5. OTHER INCOME (LOSS), NET

	2019 HK$'000	2018 HK$'000
Dividend income from investments	**—**	1,588
Exchange gain, net	**70**	—
Net unrealised loss on financial asset at FVPL	**(186)**	(125)
Interest income	**1,022**	748
Loss on disposal of available-for sale financial assets	**—**	(5)
Gain (Loss) on disposal of financial assets at FVPL	**485**	(2,399)
Recovery of bad debt	**240**	—
Others	**141**	10
	1,772	(183)

6. (LOSS) PROFIT BEFORE INCOME TAX

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

	2019 HK$'000	2018 HK$'000
Staff costs (including directors' remuneration):		
Employee benefit expense	41,405	32,994
Contributions to defined contribution plans	782	613
Total staff costs	42,187	33,607
Auditor's remuneration	680	650
Depreciation of plant and equipment	729	408
Exchange (gain) loss, net	(70)	6
Professional fees	7,082	2,421
Operating lease payments on premises	10,237	5,963
Written off of other receivables	1,200	—

7. DIRECTORS' EMOLUMENTS

(a) Information about the benefits of directors

(i) Directors' remuneration

Mr. Tsang Wing Ki was appointed as independent non-executive director of the Company on 4 May 2017 and 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 2019 and 2018 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 2019 and 2018 are set out below.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2019

7. DIRECTORS' EMOLUMENTS (Continued)

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

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

Year ended 30 September 2019

	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	–	974	1,000	18	1,992
Mr. Hui Ringo Wing Kun	–	2,540	2,000	18	4,558
Non-executive director					
Mr. Wan Chuen Fai	180	–	–	–	180
Independent non-executive directors					
Mr. Ho Lik Kwan Luke	180	–	–	–	180
Mr. Kam Cheuk Fai David	180	–	–	–	180
Mr. William Robert Majcher	180	–	–	–	180
	720	3,514	3,000	36	7,270

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)

During the year ended 30 September 2019, the non-cash benefits including rent-free accommodation provided to Ms. Letty Wan are included in the salaries and allowances disclosed above with the aggregate estimated money value of HK$64,000 (2018: Nil).

During the year ended 30 September 2019, 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 (2018: Nil). There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 30 September 2019 (2018: Nil).

(b) Individuals with highest emoluments

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

	Number of individuals	
	2019	2018
Director	**2**	1
Non-director	**3**	4
	5	5

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

	2019	2018
	HK$'000	HK$'000
Salaries and allowances	**6,500**	8,635
Discretionary bonus	**2,101**	3,968
Contributions to defined contribution plans	**36**	54
	8,637	12,657

7. DIRECTORS' EMOLUMENTS (Continued)

(b) Individuals with highest emoluments (Continued)

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

	2019	2018
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 2019, 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 (2018: 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 2019 (2018: Nil).

8. INCOME TAX (CREDIT) EXPENSE

The two-tiered profits tax rates regime have 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 be continued to be taxed at the rate of 16.5%. If the entity has one or more connected entities, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates.

For the year ended 30 September 2019, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes. For the year ended 30 September 2018, 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%.

For the year ended 30 September 2019 and 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 2019 and 2018, the Group's entities established in the Cayman Islands and the BVI are exempted from income tax.

For the years ended 30 September 2019 and 2018, 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.

8. INCOME TAX (CREDIT) EXPENSE (Continued)

	2019 HK$'000	2018 HK$'000
Current tax		
Hong Kong Profits Tax		
Current year	**–**	5,463
Over-provision in prior year	**(5,659)**	(277)
	(5,659)	5,186
Canada Corporate Income Tax		
Current year	**36**	49
Under-provision in prior year	**66**	–
	102	49
Income tax (credit) expense	**(5,557)**	5,235

Reconciliation of income tax (credit) expense

	2019 HK$'000	2018 HK$'000
(Loss) Profit before taxation	**(28,874)**	29,345
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	**(4,407)**	4,541
Non-deductible expenses	**935**	641
Tax exempt revenue	**(165)**	(326)
Over-provision in prior year	**(5,593)**	(277)
Unrecognised tax losses	**3,681**	375
Others	**(8)**	281
Income tax (credit) expense	**(5,557)**	5,235
Weighted average applicable effective tax rates (note)	**19.2%**	17.1%

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

	2019	2018
	HK$'000	HK$'000
Dividends approved and paid during the year		
Interim dividends in respect of 2019 of HK$0.01 per ordinary share (2018: Nil)	**5,132**	–
Final dividends in respect of 2018 of HK$0.02 per ordinary share (2017: HK$0.02 per ordinary share)	**10,264**	10,264
	15,396	10,264

During the year ended 30 September 2019, the directors of the Company have declared and paid an interim dividend of HK$0.01 per share amounting to approximately HK$5,132,000 in respect of the six months ended 31 March 2019 (2018: Nil).

The Board does not recommend the payment of a final dividend for the year ended 30 September 2019.

10. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 30 September 2019 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 2019 %	2018 %	Principal activities
Direct					
VBG Company Limited	The BVI, Hong Kong	United States dollars ("US$")1	**100**	100	Investment holding
VBG Asset Management Limited (Incorporated on 13 August 2019)	Hong Kong, Hong Kong	HK$1	**100**	–	Inactive
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
建泉顧問(北京)有限公司 (VBG Consulting (Beijing) Co., Ltd*)	The PRC, the PRC	US$1,700,000	**100**	100	Provision of business consulting services
Baron Canada	Canada, Canada	CAD0.60	**100**	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

	2019 HK$'000	2018 HK$'000
Reconciliation of carrying amount		
At the beginning of the reporting period	**23,966**	—
Impairment loss	**(4,000)**	—
Additions	**—**	23,966
At the end of the reporting period	**19,966**	23,966
Cost	**23,966**	23,966
Accumulated impairment loss	**(4,000)**	—
At the end of the reporting period	**19,966**	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.

At 30 September 2019, 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 an impairment loss of HK$4,000,000 was made for the current reporting period.

The recoverable amount of the Canada Business CGU amounted to approximately HK$27,100,000 is determined on fair value less costs of disposal.

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

	2019	2018
Control premium*	**25%**	25%
Discount of lack of marketability#	**16%**	16%
Price-to-earnings multiples^	**16.13**	23.51

* 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 38 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.

11. GOODWILL (Continued)

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

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 follows:

Fair value hierarchy	Valuation technique
Level 3	Market-based approach

12. (LOSS) EARNINGS PER SHARE

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

	2019 HK$'000	2018 HK$'000
(Loss) Earnings		
(Loss) Profit for the year for the purpose of basic (loss) earnings per share	**(23,317)**	24,110

	2019 '000	2018 '000
Shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**513,200**	513,200

Diluted (loss) earnings per share is not presented as there were no potential dilutive ordinary shares outstanding during the years ended 30 September 2019 and 2018.

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 2018					
At 1 October 2017	827	168	233	–	1,228
Additions	242	199	144	–	585
Additions — acquisition of a subsidiary	76	78	193	–	347
Depreciation	(194)	(90)	(124)	–	(408)
At 30 September 2018	951	355	446	–	1,752
Reconciliation of carrying amount					
— Year ended 30 September 2019					
At 1 October 2018	**951**	**355**	**446**	**–**	**1,752**
Additions	**3,957**	**283**	**254**	**–**	**4,494**
Depreciation	**(384)**	**(141)**	**(204)**	**–**	**(729)**
At 30 September 2019	**4,524**	**497**	**496**	**–**	**5,517**
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
At 30 September 2019					
Cost	**5,624**	**873**	**1,080**	**576**	**8,153**
Accumulated depreciation	**(1,100)**	**(376)**	**(584)**	**(576)**	**(2,636)**
Net book value	**4,524**	**497**	**496**	**–**	**5,517**

14. DESIGNATED FVOCI/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2019	2018
	HK$'000	HK$'000
Available-for-sale financial assets at fair value		
Equity securities listed overseas	**–**	7,693
Designated FVOCI		
Equity securities listed overseas	**1,960**	–
Equity securities unlisted overseas	**999**	–
	2,959	–

At 1 October 2018, the Group irrevocably designated certain investments in equity securities as Designated FVOCI as disclosed in note 2 to the consolidated financial statements because these equity securities represent investments that the Group intends to hold for long term for strategic purposes. The Group considers that the accounting treatments under this classification provide more relevant information for those investments.

At 30 September 2019, the fair value of each investment classified as Designated FVOCI is as follows:

	HK$'000
Equity securities — listed	
Helius Medical Technologies, Inc.	**932**
Vapen MJ Ventures Corporation	**492**
Confederation Minerals Ltd.	**198**
Providence Gold Mines Inc.	**162**
Others	**176**
	1,960
Equity securities — unlisted	
Elora Capital Limited	**879**
Cair By David Cosmetics Inc.	**120**
	999
	2,959

14. DESIGNATED FVOCI/AVAILABLE-FOR-SALES FINANCIAL ASSETS (Continued)

During the year ended 30 September 2019, Designated FVOCI of HK$702,000 were disposed of because they no longer matched with the Group's investment strategy. The cumulative loss of HK$537,000 that was previously included in the investments revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 30 September 2019.

During the year ended 30 September 2019, the fair value loss on Designated FVOCI of HK$5,152,000 (2018: fair value gain on available-for-sale investments of HK$1,474,000) was recognised in other comprehensive loss (2018: other comprehensive income).

The fair values of listed and unlisted securities were based on quoted market price and the recent comparable transactions respectively at the end of the reporting period. Details of the fair value measurements are set out in note 26 to the consolidated financial statements.

15. FINANCIAL ASSETS AT FVPL

	2019 **HK$'000**	2018 HK$'000
Held for trading		
Derivatives — unlisted options issued by companies listed overseas	**129**	315

The fair values of these derivatives are derived from Black-Scholes option pricing model. Details of the fair value measurements are set out in note 26 to the consolidated financial statements.

16. TRADE AND OTHER RECEIVABLES

	Note	2019 HK$'000	2018 HK$'000
Trade receivables		**18,764**	36,378
Less: Loss allowance	25(a)	**(2,824)**	(1,100)
		15,940	35,278
Prepayment		**2,102**	1,640
Deposits		**2,327**	3,231
Other receivables		**4,169**	1,584
		8,598	6,455
		24,538	41,733

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in note 25 to the consolidated financial statements. A loss allowance on trade receivables of approximately HK$2,824,000 (2018: approximately HK$1,100,000) was recognised during the year.

The trade and other receivables are expected to be recovered within one year, except for the deposits of HK$2,327,000 (2018: HK$3,231,000), which are expected to be recovered after more than one year.

17. CONTRACT LIABILITIES /RECEIPT IN ADVANCE

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

	2019 HK$'000
At 1 October 2018	**2,300**
Refund to a customer due to cancellation of contracts	**(1,500)**
Recognised as revenue	**(800)**
At 30 September 2019	**–**

18. DEFERRED TAXATION

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

	Depreciation allowance	Temporary difference of investments	Total
	HK$'000	HK$'000	HK$'000
At 1 October 2017	—	—	—
Acquisition of a subsidiary	(61)	520	459
At 30 September 2018 and **30 September 2019**	**(61)**	**520**	**459**

Unrecognised deferred tax assets arising from

	2019	2018
	HK$'000	HK$'000
Tax losses arising in		
— Hong Kong	**28,734**	41,812
— The PRC	**5,494**	4,206
	34,228	46,018

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.

18. DEFERRED TAXATION (Continued)

Unrecognised deferred tax assets arising from (Continued)

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:

	2019	2018
	HK$'000	HK$'000
Year of expiry		
2021	**1,316**	1,316
2022	**1,392**	1,392
2023	**1,498**	1,498
2024	**1,288**	—
	5,494	4,206

19. SHARE CAPITAL

	No. of shares	**HK$'000**
Authorised:		
At 30 September 2018 and 2019 (at par value of HK$0.01 per share)	**2,000,000,000**	**20,000**
Issued and fully paid:		
At 30 September 2018 and 2019 (at par value of HK$0.01 per share)	**513,200,000**	**5,132**

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For the year ended 30 September 2019

20. 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 Group reorganisation to rationalise the Group structure for the Listing of the Company.

(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 (recycling)

Investment revaluation reserve (recycling) comprises the accumulated net change in the fair value of Mandatory FVOCI, if any, at the end of the reporting period and is dealt with in accordance with the accounting policies adopted. The reserve as at 30 September 2018 comprises the accumulated gains and losses arising on the revaluation of available-for-sale investments measured at fair value that have been recognised in other comprehensive income, net of the amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired, in accordance with HKAS 39.

(e) Investment revaluation reserve (non-recycling)

Investment revaluation reserve (non-recycling) comprises the accumulated net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.

21. OTHER CASH FLOW INFORMATION

(a) Cash (used in) from operations

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
(Loss) Profit before income tax	**(28,874)**	29,345
Adjustments for:		
Bank interest income	**(1,022)**	(748)
Depreciation of plant and equipment	**729**	408
Dividend income from investments	**—**	(1,588)
Exchange difference	**189**	75
Loss on disposal of available-for-sale financial assets	**—**	5
(Gain) Loss on disposal of financial assets at FVPL	**(485)**	2,399
Net unrealised loss on financial assets at FVPL	**186**	125
Impairment loss on goodwill	**4,000**	—
Provision for impairment loss in respect of trade receivables	**1,724**	1,100
Written off of other receivables	**1,200**	—
Cash flows (used in) from operations before movements in working capital	**(22,353)**	31,121
Trade and other receivables	**14,271**	(8,666)
Financial assets at FVPL	**(151)**	19,458
Other payables and accruals	**4,134**	(184)
Contract liabilities/Receipt in advance	**(2,300)**	2,008
Cash (used in) from operations	**(6,399)**	43,737

(b) Major non-cash transaction

In August 2019, Baron Canada purchased 100,000 share options at CAD100 (rounded to approximately HK$1,000) which was classified as financial assets at FVPL and such options were exercised in September 2019 in exchange for 100,000 shares of underlying equity securities, which are classified as Designated FVOCI. At the date of exercise, the fair value of the share options amounted to approximately CAD81,000 (equivalent to approximately HK$486,000), which resulted in fair value gain of approximately CAD80,000 (equivalent to approximately HK$485,000). The fair value of the 100,000 shares of underlying equity securities was amounted to approximately CAD106,000 (equivalent to approximately HK$636,000) with a transaction fee of approximately CAD25,000 (equivalent to approximately HK$150,000).

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 of the Company, has contributed to the Group, whom the directors of the Company 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 2019, 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 (including the PRC) subsidiaries 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 2019, the total amount contributed by the Group to the schemes and charged to the consolidated statement of comprehensive income was approximately HK$782,000 (2018: HK$613,000).

24. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

Related party relationship	Nature of transaction	2019 HK$'000	2018 HK$'000
A director of a subsidiary	Consultancy fee	130	–

Since July 2019, the Group has shared its plant and equipment for the free use of office premises with a related company, in which the Directors are Ms. Wan Ka Yan Vivian, the sister of Ms. Letty Wan and Mr. Wan Chuen Fai.

The remuneration of the directors of the Company during the years ended 30 September 2019 and 2018 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:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	1,800	1,622
Retirement benefit scheme contributions	29	33
	1,829	1,655

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

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise Designated FVOCI, financial assets at FVPL, trade receivables, trade payables 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.

(a) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

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. 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.

At 30 September 2019, the Group had a concentration of credit risk as approximately 25% (2018: 14%) of the total trade receivables was due from the Group's largest customer and approximately 62% (2018: 55%) of the total trade receivables was due from the Group's five largest customers.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The settlement terms of trade receivables are determined in accordance with the contract terms, usually within 1 month to 3 months after billing. Included in trade receivables (net of loss allowance) with the following ageing analysis of the trade receivables (net of loss allowance) by invoice date is as follows:

	2019	2018
	HK$'000	HK$'000
Within 30 days	**4,271**	26,399
31 to 60 days	**1,902**	3,522
61 to 90 days	**515**	2,033
Over 90 days	**9,252**	3,324
	15,940	35,278

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay the amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its financial abilities to repaid by reference to, among others, their management or audited accounts and available press information and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix as at 30 September 2019 is summarised below.

As at 30 September 2019

	Gross carrying amount HK$'000	**Loss allowance** HK$'000	**Net carrying amount** HK$'000	**Credit-impaired**
Not yet due	5,072	137	4,935	No
Within 30 days overdue	2,270	661	1,609	No
31 to 60 days overdue	273	3	270	No
61 to 90 days overdue	1,883	112	1,771	No
91 to 180 days overdue	1,755	157	1,598	No
181 to 365 days overdue	6,318	654	5,664	No
Over 365 days overdue	1,193	1,100	93	Yes
	18,764	2,824	15,940	

The ageing analysis of trade receivables (net of loss allowance) by due date at 30 September 2018 is as follows:

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

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

For the year ended 30 September 2018, the trade receivables balances were debtors with a carrying amount of HK$8,879,000, which were past due but not impaired as there had not been any significant changes in credit quality and the directors believed that the amounts would be fully receivable. Trade receivables that were neither past due nor impaired as at 30 September 2018 related to a wide range of customers for whom there was no history of default.

The Group does not hold any collateral over trade receivables as at 30 September 2019 and 2018.

At the end of the reporting period, the Group recognised an impairment loss of HK$2,824,000 (2018: HK$1,100,000) on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below. The comparative amounts represent the loss allowance for impairment losses recognised under HKAS 39.

	2019	2018
	HK$'000	HK$'000
At the beginning of the reporting period	**1,100**	—
Increase in allowance	**1,724**	1,100
At the end of the reporting period	**2,824**	1,100

Other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has categorised the counterparties by common risk characteristics that are representative of the counterparties' financial abilities to repaid by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

After considering the above factors, the management assess that all of the other receivables have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of other receivables to be insignificant, so no loss allowance was recognised during the year.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Deposits with financial institution

The credit risk on bank balances is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for both years.

(b) Market price risk

The Group is exposed to market price risk arising from the listed and unlisted investments under Designated FVOCI and financial assets at FVPL (2018: available-for-sale financial assets and financial assets at FVPL). The sensitivity analysis has been determined based on the exposure to market price risk.

At 30 September 2019, if the quoted market prices of the listed and unlisted investments classified as Designated FVOCI (2018: available-for-sale financial assets) had been 9% (2018: 4%) higher or lower while all other variables were held constant, the Group's investment revaluation reserve (non-recycling) for the year would be changed by approximately HK$266,000 (2018: investment revaluation reserve (recycling) would be changed by approximately HK$308,000).

At 30 September 2019, if the quoted market prices of the listed investments under financial assets at FVPL had been 9% (2018: 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$12,000 (2018: HK$13,000).

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 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 2018.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) 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 2019 and 2018, 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

		2019	
	Level 1	**Level 2**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Designated FVOCI	**1,960**	**999**	**2,959**
Financial assets at FVPL	**—**	**129**	**129**

26. FAIR VALUE MEASUREMENTS (Continued)

(a) Assets measured at fair value (Continued)

	2018		
	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Available-for-sale financial assets	7,693	—	7,693
Financial assets at FVPL	—	315	315

During the years ended 30 September 2019 and 2018, 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. COMMITMENTS AND CONTINGENCES

(a) Operating lease commitment

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:

	2019 HK$'000	2018 HK$'000
Within one year	**7,684**	10,871
In the second to fifth years inclusive	**6,861**	17,883
Over five years	**3,478**	4,133
	18,023	32,887

Leases are negotiated for a term ranging from 1 year to 10 years (2018: 1 year to 9 years).

27. COMMITMENTS AND CONTINGENCES (Continued)

(b) Capital commitment

	2019 HK$'000	2018 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of a subsidiary	**17,000**	—

On 11 June 2019, the Company entered into a sale and purchase agreement with a third party to acquire the entire equity interest in Wealth Link Securities Limited at a cash consideration of HK$27,000,000. A refundable deposit of HK$10,000,000 was paid during the year and the remaining consideration of HK$17,000,000 will be settled upon completion of transaction.

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 2019 and 2018.

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 2019 and 2018.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Deposits paid for acquisition of a subsidiary		**10,000**	—
Investment in subsidiaries	10	**—**	—
		10,000	—
Current assets			
Other receivables and prepayment		**1,816**	500
Due from subsidiaries		**60,763**	54,472
Bank balances and cash		**17,740**	33,251
		80,319	88,223
Current liabilities			
Other payables		**1,969**	1,529
Due to subsidiaries		**2,698**	—
Tax payables		**204**	204
		4,871	1,733
Net current assets		**75,448**	86,490
NET ASSETS		**85,448**	86,490
Capital and reserves			
Share capital	19	**5,132**	5,132
Reserves	29(a)	**80,316**	81,358
TOTAL EQUITY		**85,448**	86,490

This statement of financial position was approved and authorised for issue by the Board of Directors on 6 December 2019 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) Reserves

	Share premium HK$'000 (note 20a)	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000
At 1 October 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
At 1 October 2018	**70,935**	**10,423**	**81,358**
Profit for the year and total comprehensive income for the year	**–**	**14,354**	**14,354**
Transactions with owners			
Contribution and distribution			
Dividends (note 9)	**–**	**(15,396)**	**(15,396)**
Total transactions with owners for the year	**–**	**(15,396)**	**(15,396)**
At 30 September 2019	**70,935**	**9,381**	**80,316**

Summary of Results, Assets and Liabilities of the Group

Year ended 30 September 2019

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 2019, 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 and 2015 is extracted from the Prospectus.

	Results of the Group for the five years ended 30 September				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**41,541**	76,749	63,329	57,377	55,955
(Loss) Profit before income tax	**(28,874)**	29,345	21,804	20,582	38,417
Income tax credit (expense)	**5,557**	(5,235)	(5,824)	(5,725)	(2,060)
(Loss) Profit for the year	**(23,317)**	24,110	15,980	14,857	36,357
Other comprehensive (loss) income for the year	**(4,963)**	1,549	—	—	—
Total comprehensive (loss) income for the year	**(28,280)**	25,659	15,980	14,857	36,357

	Assets and liabilities of the Group as at 30 September				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**38,442**	25,718	1,228	7,121	1,387
Current assets	**59,317**	122,330	127,782	35,356	57,277
Total assets	**97,759**	148,048	129,010	42,477	58,664
Current liabilities	**10,029**	16,642	13,458	8,144	4,628
Non-current liabilities	**459**	459	—	—	—
Net assets	**87,271**	130,947	115,552	34,333	54,036