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
2019-2020

* *For identification purpose only*

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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

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

— On 1 April 2020, the Company successfully completed the acquisition of a 100% equity interest in Wealth Link Securities Limited ("**Wealth Link Securities**"), which is principally engaged in securities brokerage and margin financing. After the acquisition, Wealth Link Securities has become a direct wholly-owned subsidiary of the Company.

— The Company and its subsidiaries (the "**Group**") recorded a revenue of approximately HK$62.7 million for the year ended 30 September 2020, representing an increase of approximately 51.1% when compared with a revenue of approximately HK$41.5 million for the year ended 30 September 2019 primarily attributable to a surge in contribution from the Group's provision of placing and underwriting services.

— The Group recorded a loss of approximately HK$35.2 million for the year ended 30 September 2020 compared with a loss of approximately HK$23.3 million for the year ended 30 September 2019. The loss for the year ended 30 September 2020 was mainly attributable to (i) a decrease in contribution from the Group's provision of corporate finance advisory services; (ii) the Group incurred underwriting and related expenses in certain placing and underwriting engagements handled by the Group; and (iii) an increase in provision for impairment loss in respect of goodwill arising from the completion of the Group's acquisition of Baron Global Financial Canada Ltd. ("**Baron Canada**").

— The basic and diluted loss per share for the year ended 30 September 2020 was approximately HK6.86 cents and the basic and diluted loss per share for the year ended 30 September 2019 was approximately HK4.54 cents.

— The board of Directors (the "**Board**") did not recommend the payment of a final dividend for the year ended 30 September 2020 (2019: nil).

Chairperson's Statement

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present to you the annual report of the Group for the year ended 30 September 2020.

REVIEW

During the year under review, the impact of COVID-19 pandemic has created unprecedented challenges for all businesses. The Group implemented certain cost-cutting measures to mitigate the negative impact from the COVID-19 pandemic on its performance and to maintain competitiveness.

On 1 April 2020, completion of the Company's acquisition of Wealth Link Securities took place, and Wealth Link Securities has become a direct wholly-owned subsidiary of the Company since then.

For the year ended 30 September 2020, the Group recorded a loss of approximately HK$35.2 million compared to a loss of approximately HK$23.3 million for the year ended 30 September 2019 due to (i) a decrease in contribution from the Group's provision of corporate finance advisory services; (ii) the Group incurred underwriting and related expenses in certain placing and underwriting engagements handled by the Group; and (iii) an increase in provision for impairment loss in respect of goodwill arising from the completion of the Group's acquisition of Baron Global Financial Canada Ltd. The Group's revenue increased by approximately 51.1% to approximately HK$62.7 million for the year ended 30 September 2020 as compared to the Group's revenue of approximately HK$41.5 million for the year ended 30 September 2019 primarily attributable to a surge in contribution from the Group's provision of placing and underwriting services.

OUTLOOK

In view of the uncertainty as to when the COVID-19 pandemic might come to an end, the business environment in the first half of 2021 will continue to remain challenging for the Group. Looking ahead, we will actively seek business opportunities for our corporate finance advisory and placing and underwriting businesses. Through Wealth Link Securities, we expect to participate in more placing and underwriting transactions thereby generating more income to the Group. The Group's asset management arm will start to launch relevant products and services to customers when appropriate.

APPRECIATION

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

Yours sincerely,
Wan Ho Yan Letty
Chairperson and Executive Director

Hong Kong, 8 December 2020

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) corporate finance advisory services; (ii) placing and underwriting services; (iii) securities brokerage and margin financing; (iv) asset management services; and (v) business consulting services.

Corporate finance advisory

The Group's corporate finance advisory business is operated by its wholly-owned subsidiary VBG Capital Limited ("**VBG Capital**"), a licensed corporation under the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. The Group's corporate finance advisory services include (i) acting as sponsor in IPO exercises, advising companies on compliance requirements and acting as compliance adviser to listed companies post-IPO; (ii) acting as financial adviser in transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs; and (iii) acting as independent financial adviser to the independent board committees and independent shareholders of listed companies.

Placing and underwriting

Through VBG Capital, the Group acts as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fund-raising exercises of listed companies.

Securities brokerage and margin financing

The Group expanded its business to securities brokerage and margin financing by acquiring a 100% equity interest in Wealth Link Securities, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in 2019. The acquisition was completed on 1 April 2020, and Wealth Link Securities has become a direct wholly-owned subsidiary of the Company since then. Details of the acquisition were set out in the Company's announcement dated 11 June 2019 and the circular dated 23 September 2019. Through Wealth Link Securities, the Group provides securities brokerage and margin financing.

Asset management

The Group established asset management business under VBG Asset Management Limited ("**VBG Asset Management**"), a licensed corporation under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities in 2019. The Group's asset management services include providing advisory services for equity securities, fixed income securities, real estate securities, mutual funds and discretionary portfolio management services for professional clients.

Business consulting

The Group's business consulting business is operated primarily by its wholly-owned subsidiary in Canada, Baron Canada. The Group's business consulting business includes 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, to listed companies and private companies and potential listing applicants.

Management Discussion and Analysis

Corporate finance advisory business continues to be the core business of the Group. During the year ended 30 September 2020, the corporate finance advisory business accounted for approximately 35.0% of the Group's total revenue. The Group's other businesses, namely, (i) placing and underwriting services; (ii) securities brokerage and margin financing services; (iii) asset management services; and (iv) business consulting services, accounted for approximately 55.5%, 0.9%, nil% and 8.6% of its total revenue during the year ended 30 September 2020, respectively.

FINANCIAL REVIEW

Revenue

For the year ended 30 September 2020, the Group's total revenue increased by approximately 51.1% to approximately HK$62.7 million (2019: approximately HK$41.5 million) primarily attributable to a surge in contribution from the Group's provision of placing and underwriting services from approximately HK$6.4 million for the year ended 30 September 2019 to approximately HK$34.8 million for the year ended 30 September 2020.

For the year ended 30 September 2020, the Group's revenue generated from the provision of corporate finance advisory services decreased by approximately 28.0% to approximately HK$21.9 million (2019: approximately HK$30.4 million), accounting for approximately 35.0% of the Group's total revenue (2019: approximately 73.2%). Such decrease was primarily attributable to a decrease in the number of new IPO sponsorship engagements handled by the Group from 4 for the year ended 30 September 2019 to 1 for the year ended 30 September 2020.

For the year ended 30 September 2020, the Group's revenue generated from the provision of placing and underwriting services increased by approximately 4.4 times to approximately HK$34.8 million (2019: approximately HK$6.4 million) primarily attributable to an increase in the total number and size of placing and underwriting engagements handled by the Group from 3 and a total transaction value of approximately HK$102.6 million for the year ended 30 September 2019 to 5 and a total transaction value of approximately HK$523.0 million for the year ended 30 September 2020 respectively.

For the year ended 30 September 2020, the Group's revenue generated from the provision of securities brokerage and margin financing services amounted to approximately HK$591,000 under Wealth Link Securities.

For the year ended 30 September 2020, there was no revenue generated from VBG Asset Management to the Group.

For the year ended 30 September 2020, the Group's revenue generated from the provision of business consulting services increased by approximately 14.9% to approximately HK$5.4 million (2019: approximately HK$4.7 million) mainly due to the recognition of income of approximately HK$517,000 derived from setting up a segregated portfolio company by VBG Asset Management on behalf of its customer.

Management Discussion and Analysis

Other income

The Group's other income mainly represented government subsidies in relation to the COVID-19 pandemic, interest income and write back of other payables. The other income increased by approximately 55.6%, from approximately HK$1.8 million for the year ended 30 September 2019 to approximately HK$2.8 million for the year ended 30 September 2020, mainly resulting from a combined effect of (i) an increase in government subsidies of approximately HK$2.0 million; and (ii) a decrease in interest income of approximately HK$0.9 million.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses mainly comprised staff costs and related expenses, underwriting and related expenses, depreciation of right-of-use assets and professional fees.

The Group's administrative expenses and other operating expenses increased by approximately HK$15.8 million, or approximately 23.8%, from approximately HK$66.5 million for the year ended 30 September 2019 to approximately HK$82.3 million for the year ended 30 September 2020. Such increase was mainly attributable to a combined effect of (i) underwriting and related expenses of approximately HK$26.7 million (2019: nil), which comprise sub-underwriting commissions and referral fees, incurred by the Group in relation to placing and underwriting engagements handled by the Group; and (ii) a decrease in staff costs and related expenses to approximately HK$30.3 million (2019: approximately HK$42.2 million).

The decrease in staff costs and related expenses for the year ended 30 September 2020 was mainly attributable to (i) a salary freeze for the Group's staff and a downward adjustment of remuneration for the Directors; and (ii) a decrease in discretionary bonus.

Income tax credit

The Group's income tax credit decreased to approximately HK$238,000 for the year ended 30 September 2020 from approximately HK$5.6 million for the year ended 30 September 2019, resulting mainly from a decrease in over-provision of tax expenses.

Loss for the year

As a result of foregoing, the Group recorded a loss of approximately HK$35.2 million for the year ended 30 September 2020 as compared to a loss of approximately HK$23.3 million for the year ended 30 September 2019.

Net loss margin

For the year ended 30 September 2020, the Group's net loss margin ratio was approximately 56.2% (2019: approximately 56.1%).

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 30 September 2020, the Group's working capital and other capital needs were principally financed by internal resources.

As at 30 September 2020, all of the Group's cash and cash equivalents were held in Hong Kong dollars, except an amount of approximately HK$2.4 million and HK$0.7 million, in CAD and RMB, respectively, for settling the operating expenses of the subsidiary in Canada and the PRC.

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.

Bank borrowings

Save for the government loan and loan from a director as disclosed in note 23 to the consolidated financial statements in this annual report, as at 30 September 2020, the Group had no banking facilities and no borrowings (2019: nil).

Charge on assets

The Group did not have any charges on its assets as at 30 September 2020 (2019: nil).

Contingent liabilities

Save for the Group's involvement in a litigation, details of which are set out under the section headed "**LITIGATION**" below, the Group did not have any material contingent liabilities as at 30 September 2020 (2019: nil).

Current ratio

As at 30 September 2020, the Group's current ratio was approximately 1.6 times (2019: approximately 5.9 times). The decrease in the Group's current ratio was mainly due to an increase in trade and other payables after the acquisition of Wealth Link Securities by the Group.

Gearing ratio

The Group's gearing ratio, calculated by dividing total interest-bearing borrowings by equity of the Group, was approximately 20.6% as at 30 September 2020 (2019: zero). The increase in the Group's gearing ratio was mainly due to the increase in lease liabilities as a result of the application of HKFRS 16 which amounted to approximately HK$8.2 million.

Capital structure

The Group's equity consists only of ordinary shares.

The Group's objective in managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the Company's shareholders. The Group's overall strategy remains unchanged since the Listing.

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

Management Discussion and Analysis

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.

RISK EXPOSURE

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

Foreign exchange exposure

Majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material provided that the bank balances denominated in CAD and RMB are insignificant. For the year ended 30 September 2020, 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

In view of the uncertainty as to when the COVID-19 pandemic might come to an end, the business environment in the first half of 2021 will continue to remain challenging for the Group. Looking ahead, we will actively seek business opportunities for our corporate finance advisory and placing and underwriting businesses. Through Wealth Link Securities, we expect to participate in more placing and underwriting transactions thereby generating more income to the Group. The Group's asset management arm will start to launch relevant products and services to customers when appropriate.

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 2020.

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.

As stated in the Company's announcement dated 10 August 2020, the Board resolved to change the use of HK$2.2 million out of the remaining balance of the unutilised Net Proceeds to general working capital of the Group. Breakdown of the adjusted Net Proceeds, the breakdown of the amount of utilised Net Proceeds and the remaining balance as at 30 September 2020 are summarised as follows:

Management Discussion and Analysis

	Adjusted Net Proceeds HK$ million	Amount of utilised Net Proceeds as at 30 September 2020 HK$ million	Balance as at 30 September 2020 HK$ million
To expand the Group's placing and underwriting business	34.3	34.3	—
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	3.0	3.0	—
To expand the Group's network internationally and across the PRC	11.9	11.9	—
General working capital	4.2	4.2	—
Total	58.9	58.9	—

As at 30 September 2020, the Net Proceeds were fully utilised.

Material acquisitions and disposals of subsidiaries

The Company entered into an agreement for the acquisition of Wealth Link Securities in 2019. Completion of the acquisition took place on 1 April 2020. Save and except such acquisition, the Group did not have any material acquisitions and disposals of subsidiaries during the year ended 30 September 2020.

Significant investments held

Save for the overseas listed and unlisted equity securities and the unlisted options as disclosed in note 18 and note 19 to the consolidated financial statements in this annual report, the Group did not hold any significant investments as at 30 September 2020.

Management Discussion and Analysis

OTHER INFORMATION

Profit guarantee in relation to the acquisition of Wealth Link Securities

Reference is made to the Company's announcement dated 11 June 2019 (the "**Announcement**") and its circular dated 23 September 2019 (the "**Circular**") in respect of the Company's acquisition of the entire issued shares of Wealth Link Securities. Unless otherwise stated, capitalised terms used below shall have the same meanings as those defined in the Announcement and the Circular. Completion of the Company's acquisition of Wealth Link Securities took place on 1 April 2020 (the "**Completion Date**") and that the performance of Wealth Link Securities was considered to be satisfactory since then. As stated in the Announcement and the Circular, the Seller guarantees to the Purchaser that the net profit after tax of Wealth Link Securities for the period commencing on the Completion Date and ending on the first anniversary of the Completion Date, both days inclusive, shall not be less than HK$2,000,000. The Company will disclose in its annual report for the year ending 30 September 2021 whether such guarantee is satisfied.

Employees and remuneration policies

As at 30 September 2020, the Group employed a total of 48 employees (2019: 48). For the year ended 30 September 2020, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK$30.3 million (2019: approximately HK$42.2 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 2020, the revenue attributable to the Group's largest customer accounted for approximately 23.7% (2019: approximately 12.3%) of the Group's total revenue and the revenue attributable to the Group's top five largest customers accounted for approximately 62.1% (2019: approximately 39.1%) of the Group's total revenue.

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

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

Management Discussion and Analysis

LITIGATION

In August 2020, the Company as a defendant received a writ of summons (the "**Writ of Summons**") issued in the District Court of the Hong Kong Special Administrative Region by the solicitors acting for Innovax Capital Limited ("**Innovax**") as the plaintiff against the Company. Pursuant to the statement of claim attached to the Writ of Summons, Innovax claimed for repayment from the Company in the sum of HK$400,000, being the amount alleged to be payable by the Company to the Plaintiff under an agreement dated 14 August 2018 entered into between Innovax and the Company in relation to the Company's engagement of Innovax as sole sponsor to the Company in respect of the Company's proposed transfer of listing from GEM to Main Board of the Stock Exchange. It was the view of the Directors that considering the amount of claim, which is not material, the Group has sufficient resources to cover the loss, if any, arising from this claim and therefore the ultimate liability under this claim would not have a material adverse impact on the financial position or results of the Group.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 30 September 2020 (2019: nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Wan Ho Yan Letty ("Ms. Wan"), aged 39, 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 39, 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 70, 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 December 2013 to May 2019, Mr. Wan was registered with the Securities and Futures Commission as a responsible officer for Types 1, 4, 6 & 9 regulated activities for Ping An Securities Limited.

Mr. Wan is currently 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 66, 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 58, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the nomination committee, and a member of the audit and remuneration committees of the Company with effect from 26 May 2017. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of the Company. From July 1985 to August 2007, Mr. Majcher served in the Royal Canadian Mounted Police (RCMP) and was involved in the detection and prosecution of some publicly reported money laundering cases in the United States of America and Canada as an undercover agent.

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

Biographical Details of Directors and Senior Management

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

Name of company	Stock exchange	Principal business activities	Period of service	Position(s)
Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited)	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 December 2019	Independent non-executive director *(Note 2)*
	Singapore Exchange Limited (stock code: MR8)		November 2015 to December 2019	
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 3)*
GBA Holdings Limited (formerly known as 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 an independent non-executive director as there is no longer the need for independent non-executive director since the listing of Yorkshine Holdings Limited may be cancelled.
3. Mr. Majcher confirmed that he resigned as a director and there was no disagreement with Pan American Goldfields Ltd.

^ The listing of the shares of Yorkshine Holdings Limited on the Stock Exchange was cancelled on 27 December 2019.

Biographical Details of Directors and Senior Management

Mr. Ho Lik Kwan Luke ("Mr. Ho"), aged 42, 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 and 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 and Futures Commission as a responsible officer for Type 6 regulated activity for Huabang Corporate Finance Limited, a subsidiary of Huabang Financial Holdings Limited (stock code: 3638), a company listed on the main board of the Stock Exchange. 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 56, 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, 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 during the period from September 2008 to September 2017. Before becoming a solicitor, Mr. Lo worked in the banking and finance industry for over 10 years. He holds a Bachelor of Engineering (First Class Honours) degree from King's College of University of London, a Bachelor of Laws degree from the Manchester Metropolitan University and a Master of Business Administration degree from the University of Sydney. He is an associate member of The Hong Kong Institute of Chartered Secretaries.

Compliance Officer

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

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The shares of the Company were listed on 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 2020 (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 ("**Chairperson**") of the Company. The office of chief executive officer of the Company was not filled; Mr. Hui Ringo Wing Kun performed the role of general manager ("**General Manager**") of the Group. 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 of Directors (the "**Board**") of the Company 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 each of Mr. Kam Cheuk Fai David and Mr. William Robert Majcher as independent non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from 27 May 2020, and Mr. Ho Lik Kwan Luke as independent non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from 2 December 2020. They are all subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting at least once every three years in accordance with the articles of association of the Company (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, accounting or related financial management expertise. The management of the Company is of the view that the membership of the Board represents suitable background and industry expertise to oversee and operate the Company efficiently and safeguard the interests of the various stakeholders of the Company. The Company has received written confirmation from each independent non-executive Director of his independence pursuant to the requirement of Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

Pursuant to Article 84 of the 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 independent non-executive Director, being Mr. William Robert Majcher and one independent non-executive Director, being Mr. Ho Lik Kwan Luke, will retire and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

NOMINATION POLICY

Pursuant to the CG Code, the Board has adopted a policy for nomination of directors (the "**Nomination Policy**"). 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 DIVERSITY POLICY

Pursuant to the CG Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). 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 current composition of the Board has achieved the objectives set in the above Board Diversity Policy during the Year.

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 two 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 make recommendations to the Board for approval on the renewal of appointment of Directors.

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 two 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 four meetings to review the annual results of the Group for the year ended 30 September 2019, the first quarterly results of the Group for the three months ended 31 December 2019, the interim results of the Group for the six months ended 31 March 2020 and the third quarterly results of the Group for the nine months ended 30 June 2020. 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	4/5	–	–	–	0/1
Mr. Hui Ringo Wing Kun	5/5	–	–	2/2	1/1
Non-Executive Director:					
Mr. Wan Chuen Fai	5/5	–	–	–	1/1
Independent Non-Executive Directors:					
Mr. Kam Cheuk Fai David	5/5	4/4	2/2	2/2	0/1
Mr. William Robert Majcher	5/5	4/4	2/2	2/2	0/1
Mr. Ho Lik Kwan Luke	5/5	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 2020 is presented as follow:

	Fees paid/ payable HK$'000
Audit services	750

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the accounts. In preparing the consolidated financial statements for the year ended 30 September 2020, 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 2020. A statement by the auditor about their reporting responsibilities is set out in the auditor's report on the financial statements.

DIVIDEND POLICY

Pursuant to the CG Code, the Board has adopted a dividend policy (the "**Dividend Policy**"). 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.

Corporate Governance Report

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 2020.

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 2020, 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, head office and principal place of business in Hong Kong at 18/F., Prosperity Tower, 39 Queen's Road Central, Hong Kong or the registered office of the Company in the Cayman Islands at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

CONSTITUTIONAL DOCUMENTS

The Company adopted the amended and restated Memorandum and Articles of Association of the Company on 4 May 2017 to comply with the GEM Listing Rules in Hong Kong. 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

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 ("**ESG**") 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.

SCOPE AND REPORTING PERIOD

The Board is responsible for overseeing the Group's ESG issues. Through internal reviews and discussions, the Board evaluates and determines ESG issues that are material for the Group, implements appropriate measures to manage and monitor the ESG issues pertinent to the Group. The Group has used data and information relating to ESG matters that the Group has direct access to and is under the Group's control for the purpose of this ESG Report.

The ESG Report of the Group, which covers the period commencing on 1 October 2019 and ending on 30 September 2020 both days inclusive ("**the year ended 30 September 2020**"), focuses only on the Group's core business activities — corporate finance advisory business operated by VBG Capital Limited ("**VBG Capital**") in the Hong Kong Special Administrative Region ("**Hong Kong**") accounting for approximately 63.8% of the Group's total revenue for the year ended 30 September 2020.

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 activities are carried out in the office in Hong Kong. It does not create any direct impact on the environment or climate related issues. Accordingly, 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. 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 2020.

Emissions

As the nature of the Group's business is provision of financial services, the Group does not generate any industrial pollutants. During the year ended 30 September 2020, 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 2020 and the corresponding period in 2019:

GHG Emission

	2020	2019
Type of GHG emissions	**CO_2e emission (kg)**	**CO_2e emission (kg)**
Scope 1	Nil	Nil
Scope 2	24,264.00	27,944.67
Total	**24,264.00**	**27,944.67**
Intensity (kg/square feet)	**4.45**	**5.13**

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.

Non-hazardous waste generated during the year ended 30 September 2020 which was mainly commercial waste in office was 408 kg and its intensity was approximately 0.07 kg/square feet (2019: 632 kg and approximately 0.12 kg/square feet). The commercial waste will be handled by external service provider for recycling. We regularly monitor commercial waste consumption and implement reduction measures as and when we see fit.

Use of resources

The Group endeavors to reduce carbon footprint and maintains a sustainable utilisation of resources. In order to reduce carbon footprint, 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 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 material is used by the Group.

Below sets out a summary of the Group's electricity consumption data during the year ended 30 September 2020 and the corresponding period in 2019:

Type of energy	2020 Energy consumed (kWh)	2019 Energy consumed (kWh)
Electricity	30,330	35,373
Intensity* (kWh/square feet)	5.57	6.49

* 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 2020, the total amount of paper consumed was 1,716 kg (2019: 2,065 kg).

Since the Group's business does not produce a significant amount of emission or energy usage, it will not be meaningful for us to establish any quantitative target or process to trace the achieved result. We believe the implementation of the measures as referred to above has promoted the Group's employees' awareness of the importance of saving energy, minimizing paper usage and reduction of waste and should help preserve resources and reduce paper usage and waste.

SOCIAL

Employment and Labour Practices

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 has complied with all applicable laws and regulations in relation to employment matters during the year ended 30 September 2020.

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.

Environmental, Social and Governance Report

As at 30 September 2020, the Group had a total of 25 full-time employees (2019: 30 employees) comprising 11 males and 14 females in Hong Kong (2019: 14 males and 16 females). Below sets out a summary of the Group's full-time employee data as at 30 September 2020 and 2019:

Employees by Gender	**2020**	**2019**
Male	44%	47%
Female	56%	53%
Employees by Age		
30 or below	36%	53%
31 to 40	28%	24%
41 to 50	20%	13%
51 or above	16%	10%

Occupational Health and Safety

The Group recognizes employees' health and safety at work is the first and foremost consideration at work. For example, in view of the COVID-19 pandemic in 2020, the Group implemented certain preventive measures for the health and safety of its staff. They include surgical masks were being provided to staff; staff and guests were required to wear masks in the office; and body temperature checks were taken. 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 last three years ended 30 September 2020, there was no work-related fatality, work injury case or lost days due to work injury case within the Group.

Development and Training

VBG Capital is a licensed corporation regulated by the Securities and Futures Commission ("**SFC**") under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong ("**SFO**"). As at 30 September 2020, there were an aggregate of 5 and 16 professional employees of the Group properly licensed and registered with the SFC as responsible officers and licensed representatives under VBG Capital respectively. 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 has organized internal training sessions to enhance the professional employees' understanding of regulatory regime in financial services industry, professional knowledge and technical skills. The Group also encourages its professional staff to attend external training seminars 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 2020 and 2019:

	2020		**2019**	
	Average training hours (hours/ employee)	**Percentage of employee trained (%)**	**Average training hours (hours/ employee)**	**Percentage of employee trained (%)**
Employee Training by Gender				
Male	9.09	91	10	79
Female	5.71	57	10	69
Employee Training by Employment Category				
Senior management	10	100	10	100
Middle management	10	100	10	89
General	5.33	53	10	56

Labour Standards

The Group strictly prohibits the use of child and forced labour. In the hiring process, the Group will check the identification documents of the candidates to ensure compliance of the minimum legal working age and that no forced labour is hired.

Employees Turnover Rate by Gender	**2020**	**2019**
Male	27%	43%
Female	29%	25%
Employees Turnover Rate by Age		
30 or below	44%	40%
31 to 40	29%	40%
41 to 50	Nil	10%
51 or above	25%	10%

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. We will review our services to customers regularly and make improvements where necessary.

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.

Service Responsibilities

Service Quality

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. During the year ended 30 September 2020, we did not receive any complaints regarding the services that VBG Capital provided.

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 reported misconduct or malpractice and take corresponding remedial measures against the irregularities. Anti-corruption training through webcasts were provided to directors of the Company. During the year ended 30 September 2020, no legal case regarding corrupt practices was brought against the Group or its employees.

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 2020, the Group made an aggregate of HK$1,000 charitable donations (2019: HK$40,400).

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 2020.

PRINCIPAL ACTIVITIES

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, business consultancy services, asset management services and securities brokerage and margin financing. Details of its principal subsidiaries as at 30 September 2020 are set out in note 11 to the consolidated financial statements.

BUSINESS REVIEW

Discussion and analysis of the business of the Group during the year ended 30 September 2020 and the outlook of the business are provided in the section headed "Management Discussion and Analysis" on pages 6 to 13 of this annual report. The discussion forms part of this annual report.

SEGMENT INFORMATION

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

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 September 2020 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 51 to 52 of this annual report.

During the year ended 30 September 2020, the Directors did not recommend the payment of an interim dividend in respect of the six months ended 31 March 2020 (2019: HK$0.01 per share). The Directors did not recommend the payment of a final dividend in respect of the year ended 30 September 2020 (2019: nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 126 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Details of the Group's largest customer and top five largest customers during the year ended 30 September 2020 are set out in the section headed "Management Discussion and Analysis" on pages 6 to 13 of this annual report.

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

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year ended 30 September 2020 are set out in note 14 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 26 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures during the year ended 30 September 2020.

RESERVES

Details of movement in the reserves of the Group and the Company during the year ended 30 September 2020 are set out in the consolidated statement of changes in equity on pages 53 to 54 of this annual report and in note 37(a) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 September 2020, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately HK$44.3 million (2019: approximately HK$80.3 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 2020.

PRE-EMPTIVE RIGHTS

There is no provision 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 has conditionally adopted a share option scheme (the "**Scheme**") on 4 May 2017. 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.

The total number of shares issued and which may fall to be issued upon exercise of the Options granted under the Scheme to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the Company for the time being. The Option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. Unless otherwise determined by the Board and stated in the offer of the grant of Option to a grantee, there is no minimum period required under the Scheme for the holding of the Option before it can be exercised. A nominal consideration of HK$1.00 is payable on acceptance of the grant of the Option.

Report of the Directors

Pursuant to the Scheme, the eligible persons may subscribe for the shares on exercise of the Option at a price determined by the Board, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

Since the adoption of the Scheme and up to 30 September 2020, no Option has been granted by the Company. As of the date of this annual 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 annual report). Details of the Scheme are set out in Appendix IV to the Prospectus.

EQUITY-LINKED AGREEMENTS

Save and except as disclosed in the paragraph headed "SHARE OPTION SCHEME" above, no equity-linked agreement was entered into by the Company during the year ended 30 September 2020.

DONATION

Donations made by the Group during the year amounted to HK$1,000 (2019: HK$40,400).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended 30 September 2020 and up to date of this annual report were as follows:

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

Biographical details of the Directors of the Company is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 17 of this annual report.

Pursuant to the articles of association of the Company (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.

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 to the Company. Mr. Wan Chuen Fai as non-executive Director and each of Mr. Kam Cheuk Fai David and Mr. William Robert Majcher as independent non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from 27 May 2020, and Mr. Ho Lik Kwan Luke as independent non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from 2 December 2020. The non-executive Directors may terminate their letter of appointment by giving not less than three months' notice in writing to the Company.

All the Directors are subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting at least once every three years in accordance with the Articles. 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 8 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 2020.

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 execution 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 18 to 26 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Please refer to the section headed "Environmental, Social and Governance Report" on pages 27 to 33 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 30 September 2020, 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 2020, 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 of 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 the year ended 30 September 2020.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in note 23(b) and note 32 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year ended 30 September 2020, the Directors are not aware of any related party transactions which constituted a connected transaction or continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the disclosure requirements.

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 2020, 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	359,520,000 (L)	70.05%

Notes:

(1) These 359,520,000 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	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 2020, 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"** and **"SHARE OPTION SCHEME**" above, 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 2020.

Report of the Directors

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

As at 30 September 2020, 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	359,520,000	—	359,520,000	70.05%

Notes:

(1) 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.

(2) The approximate percentage of shareholdings is based on 513,200,000 shares as at 30 September 2020, not the enlarged issued share capital of the Company.

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 2020 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 2020 which competes or may compete, directly or indirectly, 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 annual report, the Company has maintained sufficient public float in the issued share capital of the Company under the GEM Listing Rules.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders of the Company by reason of their holding of the shares of the Company. If the shareholders of the Company 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 years ended 30 September 2017, 2018 and 2019.

The consolidated financial statements of the Group for the year ended 30 September 2020 were audited by Mazars CPA Limited. A resolution for the re-appointment of Mazars CPA Limited, Certified Public Accountants as the auditor of the Group is to be proposed at the forthcoming annual general meeting of the Company.

Director
Hui Ringo Wing Kun

Hong Kong, 8 December 2020

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 51 to 125, which comprise the consolidated statement of financial position as at 30 September 2020, 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 2020, 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 12 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. in 2018 and Wealth Link Securities Limited in 2020 amounted to approximately HK$5.1 million and approximately HK$7.9 million respectively at 30 September 2020. 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; • Checking the calculations and assessing the assumptions and methodologies used by the independent professional valuer and management; • Challenging the reasonableness of key assumptions and inputs 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.

Independent Auditor's Report

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter

Revenue recognition
Refer to note 2 and note 4 to the consolidated financial statements.
 	
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 progress towards complete satisfaction of the performance obligation 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 for projects 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 and obtaining the project status reports to ascertain the management's determination of the progress towards complete satisfaction for performance obligation are support with evidence; 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 arising from the business of corporate finance services *Refer to note 2, note 20 and note 33 to the consolidated financial statements.*	
As at 30 September 2020, the Group recognised the gross amount of trade receivables arising from the business of corporate finance services of approximately HK$7.8 million. Loss allowance amounting to approximately HK$3.5 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 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 2019-20 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.

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.

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, actions taken to eliminate threats or safeguards applied.

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, 8 December 2020

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 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	4	**62,650**	41,541
Other income, net	5	**2,789**	1,772
Provision for impairment loss in respect of goodwill	12	**(14,900)**	(4,000)
Provision for impairment loss in respect of trade receivables arising from the business of corporate finance services	33(a)	**(1,234)**	(1,724)
Bad debts written off in respect of trade receivables arising from the business of corporate finance services		**(1,623)**	—
Administrative expenses and other operating expenses		**(82,310)**	(66,463)
Finance costs	6	**(836)**	—
Loss before income tax	7	**(35,464)**	(28,874)
Income tax credit	9	**238**	5,557
Loss for the year		**(35,226)**	(23,317)
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Fair value gain (loss) on financial assets designated at fair value through other comprehensive income ("**Designated FVOCI**")	18	**181**	(5,152)
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on consolidation		**—**	189
Other comprehensive income (loss) for the year		**181**	(4,963)
Total comprehensive loss for the year		**(35,045)**	(28,280)
		HK Cents	HK Cents
Loss per share			
Basic and diluted	13	**(6.86)**	(4.54)

Consolidated Statement of Financial Position

At 30 September 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Goodwill	12	**12,973**	19,966
Plant and equipment	14	**4,122**	5,517
Intangible assets	15	**613**	—
Right-of-use assets	16	**7,748**	—
Other deposits	17	**205**	—
Designated FVOCI	18	**3,494**	2,959
Deposit paid for acquisition of a subsidiary	29	**—**	10,000
		29,155	38,442
Current assets			
Financial assets at fair value through profit or loss ("**FVPL**")	19	**582**	129
Trade and other receivables	20	**19,108**	24,538
Income tax recoverables		**—**	412
Bank balances — client accounts	21	**26,250**	—
Bank balances — general accounts and cash		**26,944**	34,238
		72,884	59,317
Current liabilities			
Trade and other payables	22	**36,533**	6,687
Loan payables	23	**2,500**	—
Lease liabilities	24	**4,599**	—
Income tax payables		**1,832**	3,342
		45,464	10,029
Net current assets		**27,420**	49,288
Total assets less current liabilities		**56,575**	87,730
Non-current liabilities			
Loan payables	23	**240**	—
Lease liabilities	24	**3,650**	—
Deferred tax payables	25	**459**	459
		4,349	459
NET ASSETS		**52,226**	87,271
Capital and reserves			
Share capital	26	**5,132**	5,132
Reserves		**47,094**	82,139
TOTAL EQUITY		**52,226**	87,271

These consolidated financial statements on pages 51 to 125 were approved and authorised for issue by the Board of Directors on 8 December 2020 and signed on its behalf by

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

Consolidated Statement of Changes in Equity

Year ended 30 September 2020

	Note	Share capital HK$'000	Reserves: Share premium HK$'000 (note 27a)	Reserves: Capital reserve HK$'000 (note 27b)	Reserves: Exchange reserve HK$'000 (note 27c)	Reserves: Investment revaluation reserve (non-recycling) HK$'000 (note 27d)	Reserves: Retained earnings HK$'000	Reserves: 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
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	18	–	–	–	–	537	(537)	–	–
Fair value loss on Designated FVOCI	18	–	–	–	–	(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	10	–	–	–	–	–	(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 Changes in Equity

Year ended 30 September 2020

			Reserves						
	Note	Share capital HK$'000	Share premium HK$'000 (note 27a)	Capital reserve HK$'000 (note 27b)	Exchange reserve HK$'000 (note 27c)	Investment revaluation reserve (non-recycling) HK$'000 (note 27d)	Retained earnings/ (Accumulated losses) HK$'000	Total reserve HK$'000	Total HK$'000
At 1 October 2019		5,132	70,935	152	1,656	(3,141)	12,537	82,139	87,271
Loss for the year		–	–	–	–	–	(35,226)	(35,226)	(35,226)
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	18	–	–	–	–	(42)	42	–	–
Fair value gain on Designated FVOCI	18	–	–	–	–	181	–	181	181
Total other comprehensive income for the year		–	–	–	–	139	42	181	181
Total comprehensive income (loss) for the year		–	–	–	–	139	(35,184)	(35,045)	(35,045)
At 30 September 2020		5,132	70,935	152	1,656	(3,002)	(22,647)	47,094	52,226

Consolidated Statement of Cash Flows

Year ended 30 September 2020

	Note	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES			
Cash used in operations	28(a)	**(760)**	(6,399)
Bank interest received		**135**	1,022
Tax paid		**(367)**	(3,302)
Net cash used in operating activities		**(992)**	(8,679)
INVESTING ACTIVITIES			
Net cash flows on acquisition of a subsidiary	29	**(2,000)**	—
Deposits paid for acquisition of a subsidiary		**—**	(10,000)
Purchase of plant and equipment		**(361)**	(4,494)
Purchase of Designated FVOCI		**(67)**	(484)
Proceeds from disposal of Designated FVOCI		**224**	702
Proceeds from disposal of financial assets at FVPL		**211**	—
Net cash used in investing activities		**(1,993)**	(14,276)
FINANCING ACTIVITIES	28(b)		
Dividends paid		**—**	(15,396)
New loans raised		**4,240**	—
Repayment of loans		**(1,500)**	—
Lease payments		**(7,049)**	—
Net cash used in financing activities		**(4,309)**	(15,396)
Net decrease in cash and cash equivalents		**(7,294)**	(38,351)
Cash and cash equivalents at beginning of year		**34,238**	72,589
Cash and cash equivalents at end of year, represented by bank balances — general accounts and cash		**26,944**	34,238

Notes to the Consolidated Financial Statements

For the year ended 30 September 2020

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 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, business consultancy services, asset management services and securities brokerage and margin financing.

In the opinion of the directors of the Company (the "**Directors**"), the immediate holding company of the Company is Jayden Wealth Limited which is incorporated in the British Virgin Islands (the "**BVI**") and is ultimately controlled by Ms. Wan Ho Yan Letty, 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 subsidiary established in the People's Republic of China (the "**PRC**") and Canada whose function currency is Renminbi ("**RMB**") and Canadian dollar ("**CAD**") respectively.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 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

Annual Improvements Project — 2015-2017 Cycle

HKAS 23: Borrowing Costs Eligible for Capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

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

HK(IFRIC)-Int 23: Uncertainty over Income Tax Treatments

The interpretation supports the requirements in HKAS 12 *Income Taxes* by specifying how to reflect the effects of uncertainty in accounting for income taxes.

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

Amendments to HKAS 19: Employee Benefits

The amendments require the use of updated assumptions to determine current service cost and net interest for the remainder of the reporting period after a change is made to a plan.

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

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related interpretations for annual periods beginning on or after 1 January 2019. It 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.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 October 2019 (i.e. the date of initial application, the "**DIA**") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated profits or other component of equity, where appropriate, at the DIA.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

***HKFRS 16: Leases** (Continued)*

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee — leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.

(c) Excluded initial direct costs from the measurement of the right-of-use assets at the DIA.

(d) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

The financial impact at the DIA and for the current year is as follows:

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA ranged from 4.84% to 12%.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 16: Leases *(Continued)*

As lessee — leases previously classified as operating leases (Continued)

The following table summarises the impact of transition to HKFRS 16 at the DIA on the consolidated statement of financial position:

	Classification and carrying amount under HKAS 17	Initial measurement on adoption of HKFRS 16	Classification and carrying amount under HKFRS 16
	HK$'000	HK$'000	HK$'000
Assets			
Right-of-use assets	—	14,579	14,579
Liabilities			
Lease liabilities	—	14,579	14,579

Based on the foregoing, as at 1 October 2019:

- Right-of-use assets and lease liabilities of HK$14,579,000 were recognised on initial measurement respectively.
- There was no adjustment to the opening balance of components of equity.

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 30 September 2019 and lease liabilities recognised at the DIA is as follows.

	HK$'000
Operating lease commitments at 30 September 2019	18,023
Discounted using the lessee's incremental borrowing rate at the DIA	14,915
Less: Short-term leases and other leases with remaining lease term ending on or before 30 September 2020	(336)
Lease liabilities at 1 October 2019	14,579

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the year ended 30 September 2020, certain monthly lease payments for the leases of the Group's office premise have been reduced by the lessor as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment and elected not to apply lease modification accounting for all rent concessions granted by the lessor as a result of the COVID-19 pandemic during the year ended 30 September 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$73,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to the consolidated statement of comprehensive income for the year ended 30 September 2020.

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

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for Designated FVOCI and financial assets at FVPL, which are measured at fair value as explained in the accounting polices 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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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	3-10 years or over the lease term, whichever is shorter
Furniture, fixtures and office equipment	3-5 years
Computer equipment	3-5 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)

Intangible assets

Trading rights

Trading rights confer eligibility on the Group to trade on the Stock Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite. They will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

Vehicle registration marks

Vehicle registration marks with indefinite useful life are stated at costs less any impairment losses. Impairments are reviewed annually or when there are any indications that the vehicle registration marks have suffered impairment loss.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement

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**").

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. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

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 and unlisted equity securities not held for trading.

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 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 trade and other payables, loan payables and lease liabilities. 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

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)

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:

- 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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Assessment of significant increase in credit risk (Continued)

- 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.

Low credit risk

A financial instrument is determined to have low credit risk if:

(a) it has a low risk of default;

(b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near terms; and

(c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 33 to the consolidated financial statement, bank balances – general accounts and trade receivables from Hong Kong Securities Clearing Company Limited ("**HKSCC**") are determined to have low credit risk.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

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.

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

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.

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, business consultancy services, asset management services and brokerage services in securities and margin financing services.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Identification of performance obligations (Continued)

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.

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 brokerage and commission income for broking business, the Group recognised income at a point in time on a trade date basis.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition (Continued)

For clearing, settlement and handling fee income, the Group recognised income at a point in time when the relevant transactions have been arranged or the relevant services have been rendered.

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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2020

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

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.

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, right-of-use assets and intangible assets 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 of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

Leases

Applicable from 1 October 2019

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Applicable from 1 October 2019 (Continued)

As lessee (Continued)

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful life of the right-of-use asset as follows:

Office premises	1.6 — 10 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments including in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Applicable from 1 October 2019 (Continued)

As lessee (Continued)

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Applicable from 1 October 2019 (Continued)

As lessee (Continued)

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Applicable before 1 October 2019

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 33(a) 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 12 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs

As 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.

Amendments to HKASs 1 and 8	Definition of Material [1]
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform — Phase 1 [1]
Amendments to HKFRS 3	Definition of a Business [2]
Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2 [3]
Amendments to HKAS 16	Proceeds before Intended Use [4]
Amendments to HKAS 37	Cost of Fulfilling a Contract [4]
Amendments to HKFRS 3	Reference to the Conceptual Framework [4]
Annual Improvements to HKFRSs	2018–2020 Cycle [4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [5]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for annual periods beginning on or after 1 January 2022
[5] Effective for annual periods beginning on or after 1 January 2023

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

3. SEGMENT INFORMATION

The Group is currently organised into three operating divisions, namely corporate finance, asset management and brokerage and margin financing (2019: a single reportable segment, i.e. corporate finance). These divisions are the basis on which the executive directors and senior management of the Company, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these operating segments are as follows:

Corporate finance	—	Provision of advisory and consultancy, placing and underwriting and business consulting services
Asset management	—	Provision of asset management services
Brokerage and margin financing	—	Provision of brokerage services in securities and margin financing services

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

For the year ended 30 September 2019, the Group operated in one single operating segment which was corporate finance. Other than Group wide information, no further analysis of comparative figures for the year ended 30 September 2020 is presented.

Segment revenue and results for the year ended 30 September 2020 are presented below:

	Corporate finance HK$'000	Asset management HK$'000	Brokerage and margin financing HK$'000	Total HK$'000
Revenue	**62,059**	**—**	**591**	**62,650**
Other income, net, including bad debts written off	**631**	**93**	**191**	**915**
	62,690	**93**	**782**	**63,565**
Results				
Segment results	**(21,914)**	**(1,181)**	**(2,594)**	**(25,689)**
Unallocated corporate income				**251**
Unallocated corporate expenses				**(10,026)**
Loss before taxation				**(35,464)**

3. SEGMENT INFORMATION (Continued)

Other segment information for the year ended 30 September 2020 are presented below:

Other segment information:

2020

	Corporate finance HK$'000	Asset management HK$'000	Brokerage and margin financing HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Additions to plant and equipment	361	–	–	361	–	361
Depreciation of plant and equipment	(770)	–	(232)	(1,002)	(7)	(1,009)
Depreciation of right-of-use assets	(6,644)	–	(168)	(6,812)	–	(6,812)
Government subsidies	1,469	72	266	1,807	191	1,998
Provision for impairment loss in respect of goodwill	(14,900)	–	–	(14,900)	–	(14,900)
Net unrealise loss on financial assets at FVPL	(120)	–	–	(120)	–	(120)
Bad debt written off in respect of trade receivables arising from the business of corporate finance services	(1,623)	–	–	(1,623)	–	(1,623)
Provision for impairment loss in respect of trade receivables arising from the business of corporate finance services	(1,234)	–	–	(1,234)	–	(1,234)
Write off of plant and equipment	(1,626)	–	–	(1,626)	(173)	(1,799)
Write off of other receivables	(33)	–	–	(33)	–	(33)
Written back of other payables	500	–	–	500	–	500

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:

	2020 HK$'000	2019 HK$'000
Hong Kong	**57,885**	36,831
Canada	**4,765**	4,710
	62,650	41,541

Notes to the Consolidated Financial Statements

For the year ended 30 September 2020

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:

	2020 HK$'000	2019 HK$'000
Hong Kong	**14,612**	12,436
The PRC	**—**	180
Canada	**11,049**	22,867
	25,661	35,483

Information about major customers

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

	2020 HK$'000	2019 HK$'000
Customer A	**14,823**	—
Customer B	**14,700**	—
Customer C	**—**	5,117
Customer D	**n/a***	4,402

* This customer individually contributed less than 10% of the total revenue in 2020.

4. REVENUE

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within HKFRS 15		
Corporate finance advisory services	**21,895**	30,422
Placing and underwriting services	**34,751**	6,409
Business consulting services	**5,413**	4,710
Brokerage commission	**494**	—
Clearing, settlement and handling fee income	**49**	—
	62,602	41,541
Interest revenue calculated using the effective interest method		
Interest income from cash and margin clients	**48**	—
Total revenue	**62,650**	41,541

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

Year ended 30 September 2020	Corporate finance advisory services HK$'000	Placing and underwriting services HK$'000	Business consulting services HK$'000	Brokerage commission HK$'000	Clearing, settlement and handling fee income HK$'000	Total HK$'000
Timing of revenue recognition:						
– At a point in time	–	34,751	–	494	49	35,294
– Over time	21,895	–	5,413	–	–	27,308
Total revenue from contracts with customers within HKFRS 15 at fixed price	21,895	34,751	5,413	494	49	62,602

4. REVENUE (Continued)

Year ended 30 September 2019	Corporate finance advisory services HK$'000	Placing and underwriting services HK$'000	Business consulting services HK$'000	Total HK$'000
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, NET

	2020 HK$'000	2019 HK$'000
Government subsidies (note)	**1,998**	—
Exchange gain, net	**—**	70
Net unrealised loss on financial assets at FVPL	**(120)**	(186)
Interest income	**135**	1,022
(Loss) Gain on disposal of financial assets at FVPL	**(134)**	485
Gain on rental concession due to COVID-19	**73**	—
Recovery of bad debts	**—**	240
Refund of legal and professional fee	**242**	—
Written back of other payables	**500**	—
Others	**95**	141
	2,789	1,772

Note:

During the year, the Group recognised government subsidies of HK$1,335,000 (2019: HK$nil) and CAD110,000 (equivalent to approximately HK$663,000) (2019: HK$nil) in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government ("**Hong Kong subsidies**") and the Canada Emergency Wage Subsidy of the Canadian Government respectively due to the COVID-19 pandemic. The Hong Kong subsidies are repayable if the individual recipient company of the Group implements redundancy during the subsidy period from 1 June 2020 to 30 November 2020.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2020

6. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest expenses on loan payables	**34**	—
Interest expenses on lease liabilities	**802**	—
	836	—

7. LOSS BEFORE INCOME TAX

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

	2020 HK$'000	2019 HK$'000
Staff costs (including directors' remuneration):		
Employee benefit expense	**29,701**	41,405
Contributions to defined contribution plans	**626**	782
Total staff costs	**30,327**	42,187
Auditor's remuneration	**750**	680
Depreciation		
— Plant and equipment	**1,009**	729
— Right-of-use assets	**6,812**	—
Exchange loss (gain), net	**58**	(70)
Professional fees	**8,761**	7,082
Underwriting and related expenses	**26,700**	—
Write off of plant and equipment	**1,799**	—
Write off of other receivables	**33**	1,200
Operating lease payments on premises	**—**	10,237

8. DIRECTORS' EMOLUMENTS

(a) Information about the benefits of directors

(i) Directors' remuneration

For the years ended 30 September 2020 and 2019. The emoluments paid or payable to each director are set out below.

Year ended 30 September 2020

	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	–	750	–	15	765
Mr. Hui Ringo Wing Kun	–	2,178	2,000	18	4,196
Non-executive director					
Mr. Wan Chuen Fai	150	–	–	–	150
Independent non-executive directors					
Mr. Ho Lik Kwan Luke	150	–	–	–	150
Mr. Kam Cheuk Fai David	150	–	–	–	150
Mr. William Robert Majcher	150	–	–	–	150
	600	2,928	2,000	33	5,561

8. 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

During the year ended 30 September 2020, 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$766,000 (2019: HK$64,000).

During the year ended 30 September 2020, 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 (2019: Nil). There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 30 September 2020 (2019: Nil).

8. DIRECTORS' EMOLUMENTS (Continued)

(b) Individuals with highest emoluments

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

	Number of individuals	
	2020	2019
Director	**1**	2
Non-director	**4**	3
	5	5

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

	2020	2019
	HK$'000	HK$'000
Salaries and allowances	**6,440**	6,500
Discretionary bonus	**1,700**	2,101
Contributions to defined contribution plans	**54**	36
	8,194	8,637

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

	2020	2019
HK$1,000,001 to HK$1,500,000	**2**	—
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$2,500,000	**1**	—
HK$2,500,001 to HK$3,000,000	**—**	2
HK$3,000,001 to HK$3,500,000	**1**	1

During the year ended 30 September 2020, 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 (2019: 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 2020 (2019: Nil).

9. INCOME TAX CREDIT

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

For the years ended 30 September 2020 and 2019, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes.

The Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 27%. For the year ended 30 September 2020, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose. For the year ended 30 September 2019, 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 2020 and 2019, the Group's entities established in the Cayman Islands and the BVI are exempted from income tax.

For the years ended 30 September 2020 and 2019, 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.

	2020 **HK$'000**	2019 HK$'000
Current tax		
Hong Kong Profits Tax		
Over-provision in prior year	**(190)**	(5,659)
Canada Corporate Income Tax		
Current year	**–**	36
Under-provision in prior year	**–**	66
	–	102
Deferred tax		
Reversal of temporary difference (note 25)	**(48)**	–
Income tax credit	**(238)**	(5,557)

9. INCOME TAX CREDIT (Continued)

Reconciliation of income tax credit

	2020 **HK$'000**	2019 HK$'000
Loss before taxation	**(35,464)**	(28,874)
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	**(6,062)**	(4,407)
Non-deductible expenses	**3,169**	935
Tax exempt revenue	**(424)**	(165)
Over-provision in prior year	**(190)**	(5,593)
Unrecognised tax losses	**3,422**	3,681
Others	**(153)**	(8)
Income tax credit	**(238)**	(5,557)
Weighted average applicable effective tax rates (note)	**0.7%**	19.2%

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.

10. DIVIDENDS

	2020 **HK$'000**	2019 HK$'000
Dividends approved and paid during the year		
Interim dividends in respect of 2020 of HK$nil per ordinary share (2019: HK$0.01 per ordinary share)	**–**	5,132
Final dividends in respect of 2019 of HK$nil per ordinary share (2018: HK$0.02 per ordinary share)	**–**	10,264
	–	15,396

During the year ended 30 September 2020, the Directors do not declare and pay an interim dividend (2019: HK$5,132,000).

The Board does not recommend the payment of a final dividend for the year ended 30 September 2020 (2019: Nil).

11. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 30 September 2020 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 2020 %	2019 %	Principal activities
Direct					
VBG Company Limited	The BVI, Hong Kong	United States dollars ("US$")1	**100**	100	Investment holding
VBG Asset Management Limited	Hong Kong, Hong Kong	HK$3,000,000	**100**	100	Carrying on Types 4 and 9 regulated activities in Hong Kong
Wealth Link Securities Limited ("**Wealth Link**")	Hong Kong, Hong Kong	HK$17,000,000	**100** (note 29)	–	Carrying on Types 1 and 4 regulated activities in Hong Kong
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 Global Financial Canada Ltd. ("**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.

12. GOODWILL

Year ended 30 September 2020

	Canada Business CGU HK$'000 (note a)	Wealth Link Business CGU HK$'000 (note b)	Total HK$'000
Reconciliation of carrying amount			
At the beginning of the reporting period	19,966	—	19,966
Additions (note 29)	—	7,907	7,907
Impairment loss	(14,900)	—	(14,900)
At the end of the reporting period	5,066	7,907	12,973
Cost	23,966	7,907	31,873
Accumulated impairment loss	(18,900)	—	(18,900)
At the end of the reporting period	5,066	7,907	12,973

Year ended 30 September 2019

	Canada Business CGU HK$'000 (note a)
Reconciliation of carrying amount	
At the beginning of the reporting period	23,966
Impairment loss	(4,000)
At the end of the reporting period	19,966
Cost	23,966
Accumulated impairment loss	(4,000)
At the end of the reporting period	19,966

12. GOODWILL (Continued)

Notes:

(a) Canada Business CGU

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 2020, the Group assessed the recoverable amount of the Canada Business CGU with reference to a business valuation of Baron Canada determined under a market-based approach as stated in a valuation report issued by an independent professional valuer and an impairment loss in respect of corporate finance segment of HK$14,900,000 (2019: HK$4,000,000) was made for the current reporting period.

The recoverable amounts of the Canada Business CGU amounted to approximately HK$10,600,000 (2019: HK$27,100,000) are determined on fair value less costs of disposal.

During the year ended 30 September 2020, the financial performance of Baron Canada was deteriorating due to the keen competition and outbreak of COVID-19. Accordingly, in order to assess the recoverable amount of Canada Business CGU, in addition to the price-to-earnings multiple adopted in 2019 valuation, 4 more multiples, including price-to-sales, price-to-book-value, price-to-earning before interests, taxes, depreciation and amortisation ("**EBITDA**") and price-to-cashflow multiples, ("**the multiples**"), which were estimated by the median of the multiples of the selected comparable companies which were comparable to that of Baron Canada, are adopted in 2020 valuation.

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

	2020	2019
Control premium*	**25%**	25%
Discount of lack of marketability#	**16%**	16%
Price-to-earnings multiples^	**22.02**	16.13
Price-to-sales multiples^	**1.74**	–
Price-to-book-value multiples^	**3.41**	–
Price-to-EBITDA^	**12.67**	–
Price-to-cashflow multiples^	**6.33**	–

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

\# Discount of lack of marketability was the median of the percentage variance of private placement price and market reference price of international transactions over the 39 years period; the level of value is presented on freely traded and non-controlling basis.

^ The multiples were estimated by the median of the multiples of the selected comparable companies whose principal business were comparable to that of Baron Canada.

Sensitivity of key assumptions

The management considered that a reasonably possible change in the key assumptions and inputs on the Canada Business CGU would not cause significant additional impairment loss.

12. GOODWILL (Continued)

Notes: (Continued)

(b) Wealth Link Business CGU

In April 2020, the Group acquired 100% equity interests in Wealth Link at a consideration of HK$23,402,000. Wealth Link is engaged in provision of placing and underwriting services, brokerage services in securities and margin financing services in Hong Kong (the "**Wealth Link Business CGU**"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$7,907,000 and was recognised as a goodwill.

At 30 September 2020, the Group assessed the recoverable amount of the Wealth Link Business CGU with reference to business valuation of Wealth Link based on cash flow projection of Wealth Link. The calculation uses cash flow projection based on financial budgets covering a 5-year period with reference to the financial information of the selected Hong Kong listed comparable companies, who principal business were comparable to that of Wealth Link from 2018 to 2020. Cash flows beyond the 5-year period have been extrapolated using a 2.95% long-term growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Accordingly, having compared with the carrying amount of the Wealth Link Business CGU, no impairment loss was recognised against the goodwill associated with the Wealth Link Business CGU for the current reporting period.

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

	2020
Control premium (note a)	**25%**
Discount of lack of marketability (note a)	**16%**
Average growth rate	**14.5%**
Long-term growth rate	**2.95%**
Pre-tax discount rate	**8.39%**

Management determined the average growth rate and long-term growth rate based on past performance and the expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the Wealth Link Business CGU.

Sensitivity of key assumptions

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 Wealth Link Business CGU to exceed its recoverable amount.

(c) Other information on fair value measurement

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

Fair value hierarchy	Valuation technique
Canada Business CGU	
Level 3	Market-based approach
Wealth Link Business CGU	
Level 3	Income approach — Discounted cash flow

13. LOSS PER SHARE

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

	2020	2019
	HK$'000	HK$'000
Loss		
Loss for the year for the purpose of basic loss per share	**(35,226)**	(23,317)

	2020	2019
	'000	'000
Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**513,200**	513,200

Diluted loss per share is presented as there were no dilutive potential ordinary shares outstanding during the years ended 30 September 2020 and 2019.

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14. 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 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
Reconciliation of carrying amount – Year ended 30 September 2020					
At 1 October 2019	**4,524**	**497**	**496**	**–**	**5,517**
Additions	**274**	**83**	**4**	**–**	**361**
Additions – acquisition of a subsidiary (note 29)	**294**	**2**	**87**	**669**	**1,052**
Depreciation	**(570)**	**(105)**	**(200)**	**(134)**	**(1,009)**
Write off	**(1,625)**	**(166)**	**(8)**	**–**	**(1,799)**
At 30 September 2020	**2,897**	**311**	**379**	**535**	**4,122**
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
At 30 September 2020					
Cost	**3,823**	**577**	**1,085**	**1,245**	**6,730**
Accumulated depreciation	**(926)**	**(266)**	**(706)**	**(710)**	**(2,608)**
Net book value	**2,897**	**311**	**379**	**535**	**4,122**

15. INTANGIBLE ASSETS

	Trading rights in Stock Exchange HK$'000	Vehicle registration marks HK$'000	Total HK$'000
Cost			
At 30 September and 1 October 2019	—	—	—
Addition – acquisition of a subsidiary (note 29)	500	113	613
At 30 September 2020	**500**	**113**	**613**
Impairment			
At 30 September and 1 October 2019 and **30 September 2020**	—	—	—
Carrying value			
At 30 September 2020	**500**	**113**	**613**
At 30 September 2019	—	—	—

For the purpose of impairment testing on trading rights and vehicle registration marks, the recoverable amount has been determined based on the second-hand market price less cost of disposal. No impairment loss was recognised for the year ended 30 September 2020 with reference to the recoverable amount of the trading rights and vehicle registration marks.

In the opinion of the Directors, the trading rights and vehicle registration marks have indefinite useful lives.

16. RIGHT-OF-USE ASSETS

The movements of right-of-use assets within HKFRS 16 during the year ended 30 September 2020 are set out below:

	Office premises HK$'000
Reconciliation of carrying amount — year ended 30 September 2020	
At the beginning of the reporting period upon adoption of HKFRS 16	14,579
Additions	177
Additions — acquisition of a subsidiary (note 29)	230
Rent reduction	(426)
Depreciation	(6,812)
At the end of the reporting period	**7,748**
At 30 September 2020	
Cost	14,560
Accumulated depreciation	(6,812)
Net carrying amount	**7,748**

At the end of the reporting period, the Group leased office premises in Hong Kong and Canada for its daily operations for a term ranging from 1.6 to 10 years with fixed lease payments.

The Group has recognised the following amounts for the year:

	2020 **HK$'000**	2019 HK$'000
Lease payments:		
Low-value assets	**35**	—
Short-term leases expenses	**424**	—
Operating lease payments	**—**	10,237
Expenses recognised in profit or loss	**459**	10,237
Lease payments on lease liabilities	**7,049**	—
Total cash outflow for leases	**7,508**	10,237

16. RIGHT-OF-USE ASSETS (Continued)

Commitments under operating leases

As at 30 September 2020, the Group was committed to HK$27,000 for short-term leases.

As at 30 September 2019, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	HK$'000
Within one year	7,684
In the second to fifth years inclusive	6,861
Over five years	3,478
	18,023

17. OTHER DEPOSITS

Other deposits mainly represent statutory and other deposits with various exchanges and clearing houses and are non-interest bearing.

18. DESIGNATED FVOCI

	2020	2019
	HK$'000	HK$'000
Equity securities listed overseas	**2,094**	1,960
Equity securities unlisted overseas	**1,400**	999
	3,494	2,959

18. DESIGNATED FVOCI (Continued)

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

	2020 HK$'000	2019 HK$'000
Equity securities — listed		
Cognetivity Neurosciences Ltd.	**533**	88
Helius Medical Technologies, Inc.	**214**	932
Trillium Gold Mines Inc. (formerly known as Confederation Minerals Ltd.)	**737**	198
Providence Gold Mines Inc.	**126**	162
Vext Science Inc. (formerly known as Vapen MJ Ventures Corporation)	**252**	492
Others	**232**	88
	2,094	1,960
Equity securities — unlisted		
Kiaro Brands Inc. (formerly known as Elora Capital Limited)	**248**	879
Cair By David Cosmetics Inc.	**300**	120
Hapbee Technologies Inc.	**852**	—
	1,400	999
	3,494	2,959

During the year ended 30 September 2020, Designated FVOCI at a carrying amount of HK$224,000 (2019: HK$702,000) were disposed of because they no longer matched with the Group's investment strategy. The cumulative gain of HK$42,000 (2019: 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 2020.

During the year ended 30 September 2020, the fair value gain on Designated FVOCI of HK$181,000 (2019: fair value loss of HK$5,152,000) was recognised in other comprehensive income (loss).

Details of the fair value measurements are set out in note 34 to the consolidated financial statements.

19. FINANCIAL ASSETS AT FVPL

	2020 HK$'000	2019 HK$'000
Held for trading		
Derivatives — unlisted options issued by companies listed overseas	**582**	129

Details of the fair value measurements are set out in note 34 to the consolidated financial statements.

20. TRADE AND OTHER RECEIVABLES

	Notes	2020 HK$'000	2019 HK$'000
Trade receivables			
Trade receivables arising from the business of securities brokerage			
— Cash clients	(b)	**4,347**	—
— Margin clients	(c)	**993**	—
— HKSCC	(d)	**6,253**	—
	(a)	**11,593**	—
Trade receivables arising from the business of corporate finance services		**7,769**	18,764
Less: Loss allowance	(e)	**(3,491)**	(2,824)
		4,278	15,940
Total trade receivables		**15,871**	15,940
Prepayment		**1,116**	2,102
Deposits		**2,015**	2,327
Other receivables		**106**	4,169
		3,237	8,598
		19,108	24,538

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) No ageing analysis by invoice date is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of financial services business. The Group offset certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 35 to the consolidated financial statements.

(b) The settlement terms of trade receivables from cash client are usually two days after trade date and bear interest varied between 0.5% and Hong Kong Prime rate +8% (2019: Nil). All the trade receivables from cash clients are neither past due nor impaired at the end of the reporting period and the Directors are of the opinion that the amounts are recoverable.

(c) Trade receivables from margin clients are repayable on demand and bear interest varied between 5% and Hong Kong Prime rate +4%, ranging from 5% to 9% (2019: Nil) per annum for the year ended 30 September 2020. The loans are secured by pledged marketable securities with a total fair value of approximately HK$4,044,000 (2019: Nil). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the year ended 30 September 2020, no margin loans were granted to the Directors nor directors of subsidiaries.

(d) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. All the trade receivables from HKSCC are neither past due nor impaired at the end of the reporting period.

(e) Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in note 33 to the consolidated financial statements. A loss allowance on trade receivables of approximately HK$3,491,000 (2019: approximately HK$2,824,000) was recognised at the end of the reporting period.

The trade and other receivables are expected to be recovered within one year, except for the deposits of HK$2,015,000 (2019: HK$2,327,000), which are expected to be recovered after more than one year.

21. BANK BALANCES — CLIENT ACCOUNTS

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions (note 22).

22. TRADE AND OTHER PAYABLES

	Notes	2020 HK$'000	2019 HK$'000
Trade payables arising from the business of dealing in securities			
— Cash clients	(b)	**33,324**	—
— Margin clients	(c)	**8**	—
	(a)	**33,332**	—
Other payables			
Accrual and other payables		**3,060**	6,687
Deferred income — government subsidies	5	**141**	—
		3,201	6,687
		36,533	6,687

Notes:

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

(b) The normal settlement terms of trade payables to cash clients are repayable on demand.

(c) Trade payables to margin clients are repayable on demand.

23. LOAN PAYABLES

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Government loan	(a)	**240**	—
Current liabilities			
Loan from a director	(b)	**2,500**	—

Notes:

(a) Baron Canada obtained a government loan of CAD40,000 (equivalent to approximately HK$240,000) from Canadian Government due to COVID-19 pandemic. The amount was unsecured, interest-free and repayable on 31 December 2022.

(b) The amount was unsecured, interest-bearing at 2% per annum and repayable on demand.

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24. LEASE LIABILITIES

	2020 HK$'000
Current portion	**4,599**
Non-current portion	**3,650**
	8,249

25. DEFERRED TAXATION

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

	Depreciation allowance HK$'000	Temporary difference of investments HK$'000	Total HK$'000
At 1 October 2018 and 30 September 2019	(61)	520	459
Acquisition of a subsidiary (note 29)	(48)	—	(48)
Credit to profit or loss for the year (note 9)	48	—	48
30 September 2020	**(61)**	**520**	**459**

Unrecognised deferred tax assets arising from

	2020 HK$'000	2019 HK$'000
Tax losses arising in		
— Hong Kong	**53,487**	28,734
— The PRC	**6,134**	5,494
	59,621	34,228

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.

25. DEFERRED TAXATION (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:

	2020 HK$'000	2019 HK$'000
Year of expiry		
2021	1,316	1,316
2022	1,392	1,392
2023	1,498	1,498
2024	1,288	1,288
2025	640	—
	6,134	5,494

26. SHARE CAPITAL

	No. of shares	HK$'000
Authorised:		
At 30 September 2019 and 2020 (at par value of HK$0.01 per share)	2,000,000,000	20,000
Issued and fully paid:		
At 30 September 2019 and 2020 (at par value of HK$0.01 per share)	513,200,000	5,132

27. 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 (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.

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For the year ended 30 September 2020

28. OTHER CASH FLOW INFORMATION

(a) Cash used in operations

	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES		
Loss before income tax	**(35,464)**	(28,874)
Adjustments for:		
Bank interest income	**(135)**	(1,022)
Finance costs	**836**	—
Depreciation of plant and equipment	**1,009**	729
Depreciation of right-of-use assets	**6,812**	—
Exchange difference	**—**	189
Gain on rental concession due to COVID-19	**(73)**	—
Loss (Gain) on disposal of financial assets at FVPL	**134**	(485)
Net unrealised loss on financial assets at FVPL	**120**	186
Provision of impairment loss in respect of goodwill	**14,900**	4,000
Bad debts written off in respect of trade receivables arising from the business of corporate finance services	**1,623**	—
Provision for impairment loss in respect of trade receivables arising from the business of corporate finance services	**1,234**	1,724
Write off of other receivables	**33**	1,200
Written back of other payables	**(500)**	—
Write off of plant and equipment	**1,799**	—
Cash flows used in operations before movements in working capital	**(7,672)**	(22,353)
Trade and other receivables	**4,825**	14,271
Financial assets at FVPL	**—**	(151)
Trade and other payables	**13,014**	4,134
Contract liabilities	**—**	(2,300)
Bank balances – client accounts	**(10,927)**	—
Cash used in operations	**(760)**	(6,399)

28. OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Change in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

2020	Loan payables	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000
At the beginning of the reporting period	—	—	—
Adoption of HKFRS 16	—	14,579	14,579
Additions — acquisition of a subsidiary (note 29)	—	298	298
New lease	—	118	118
Interest expenses	34	802	836
Interest accrued	(34)	—	(34)
Rent reduction	—	(499)	(499)
Cash inflow (outflow) in financing activities:			
New loans raised	4,240	—	4,240
Repayment of loans	(1,500)	—	(1,500)
Lease payments	—	(7,049)	(7,049)
At the end of the reporting period	2,740	8,249	10,989

(c) Major non-cash transactions

(i) In February 2020, trade receivable amount of approximately HK$511,000 was settled by 405,952 shares of a Canada listed company with fair value of CAD0.21 per share (equivalent to approximately HK$511,000). The Group designated the shares as Designated FVOCI at the date of settlement.

(ii) In May 2020, trade receivable amount of approximately HK$588,000 was settled by 200,000 stock options of a Canada listed company with fair value of CAD0.49 per option (equivalent to approximately HK$588,000). The stock options are classified as financial assets at FVPL at the date of settlement.

29. ACQUISITION OF A SUBSIDIARY

At 1 April 2020, the Group acquired 100% equity interests of Wealth Link from an independent third party at a consideration of HK$23,402,000, which was settled by cash. Wealth Link is carrying on Types 1 and 4 regulated activities in Hong Kong.

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

	HK$'000
Consideration	
Cash paid	23,402
Recognised amounts of identifiable assets acquired and liabilities assumed	
Plant and equipment	1,052
Intangible assets	613
Right-of-use assets	230
Other deposits	205
Trade and other receivables	3,443
Financial assets at FVPL	330
Bank balances — client accounts	15,323
Bank balances — general accounts and cash	11,402
Income tax recoverable	541
Trade and other payables	(17,298)
Lease liabilities	(298)
Deferred tax liabilities	(48)
Total identifiable net assets	15,495
Goodwill arising on acquisition (note 12)	7,907
	23,402

Net cash outflow on acquisition of a subsidiary

	HK$'000
Net cash — general accounts and cash, acquired from the subsidiary	11,402
Deposit paid for acquisition of a subsidiary	10,000
Consideration	(23,402)
	(2,000)

29. ACQUISITION OF A SUBSIDIARY (Continued)

In respect of the acquired subsidiary, the total gross contractual amount of the trade receivables is approximately HK$2,668,000, of which no balance is expected to be uncollectible.

The goodwill arising from the acquisition is attributable to the growth and profit potential as a result of benefiting from establishment of clientele for underwriting and placing activities. For details, please refer to the Company's circular dated 23 September 2019. None of the goodwill recognised is expected to be deductible for income tax purposes. Acquisition-related expense of approximately HK$224,000 has been recognised in the administrative expenses and other operating expenses (2019: HK$582,000).

Since acquisition, the acquired business contributed revenue of approximately HK$17,395,000 and loss of approximately HK$182,000 to the Group. If the business combination effected during the year had been taken up at the beginning of the year ended 30 September 2020, the consolidated revenue and loss of the Group would have been increased by approximately HK$941,000 and approximately HK$3,602,000 respectively.

30. 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 shall be entitled to make an offer of the grant of an option to subscribe for shares of the Company to any directors, employees of the Group, consultants or advisers of the Group, providers of goods and/or services to the Group, customers of the Group, holders of securities issued by any member of the Group, or any other person, who at the sole discretion of the Directors, has contributed to the Group, whom the Directors may select at its absolute discretion. Details of the Scheme are set out in Report of Directors.

Since the adoption of the Scheme and up to 30 September 2020, no option has been granted by the Company.

31. RETIREMENT BENEFITS SCHEME

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

Overseas subsidiaries 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 2020, the total amount contributed by the Group to the schemes and charged to the consolidated statement of comprehensive income was approximately HK$626,000 (2019: HK$782,000).

32. 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	2020 HK$'000	2019 HK$'000
A director of a subsidiary	Consultancy fee	**980**	130
A director	Loan interest expenses	**34**	—

Since July 2019, the Group has shared its office premises and plant and equipment for the free use 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 sharing of office premises has been ceased since July 2020, while the Group has continued to share its plant and equipment without consideration until the end of the lease.

32. RELATED PARTY TRANSACTIONS (Continued)

The remuneration of the Directors during the years ended 30 September 2020 and 2019 is set out in note 8 to the consolidated financial statements. The remuneration of members of key management personnel other than directors as disclosed in note 8 to the consolidated financial statements was as follows:

	2020	2019
	HK$'000	HK$'000
Salaries and other benefits	**1,139**	1,800
Retirement benefit scheme contributions	**27**	29
	1,166	1,829

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables arising from the business of corporate finance services

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 2020, the Group had a concentration of credit risk as approximately 37% (2019: 25%) and 79% (2019: 62%) of the total trade receivables arising from the business of corporate finance services was due from the Group's largest customer and the Group's five largest customers respectively.

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:

	2020 **HK$'000**	2019 HK$'000
Within 30 days	**1,510**	4,271
31 to 60 days	**195**	1,902
61 to 90 days	**1,895**	515
Over 90 days	**678**	9,252
	4,278	15,940

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 arising from the business of corporate finance services 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables arising from the business of corporate finance services (Continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix as at 30 September 2020 is summarised below.

As at 30 September 2020

	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000	Credit-impaired
Not yet due	1,828	28	1,800	No
Within 30 days overdue	387	104	283	No
31 to 60 days overdue	1,800	–	1,800	No
61 to 90 days overdue	–	–	–	No
91 to 180 days overdue	446	246	200	No
181 to 365 days overdue	195	–	195	No
Over 365 days overdue	3,113	3,113	–	Yes
	7,769	3,491	4,278	

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	

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivables arising from the business of corporate finance services (Continued)

The Group does not hold any collateral over trade receivables as at 30 September 2020 and 2019.

At the end of the reporting period, the Group recognised loss allowance of HK$3,491,000 (2019: HK$2,824,000) on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below.

	2020 **HK$'000**	2019 HK$'000
At the beginning of the reporting period	**2,824**	1,100
Increase in allowance	**1,234**	1,724
Amount write off as uncollectible	**(567)**	—
At the end of the reporting period	**3,491**	2,824

Trade receivable arising from the business of dealing in securities for cash and margin clients

The Group trades with a number of diversified customers. It is the Group's policy that all clients are subject to credit verification procedures. For cash clients, the settlement term of trade receivable are usually two trading days after the transaction dates. The Group limits its exposure to credit risk by establishing a maximum settlement term of two trading days. For margin clients, the Group limited the exposure to credit risk by pledged marketable securities and margin facilities are set to ensure that certain proportion of the fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans.

The Group has concentration of credit risk as 47% (2019: Nil) and 98% (2019: Nil) of the total trade receivables arising from the business of dealing in securities was due from the Group's largest client from business of dealing in securities and the five largest clients from business of dealing in securities respectively.

The Group's customer base consists a wide range of clients and the trade receivable arising from the business of dealing in securities are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

Trade receivable arising from the business of dealing in securities for cash and margin clients (Continued)

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition, whether the financial asset is credit-impaired and the amount of loss given default, the Group has taken into account the credit quality of clients, the collateral to trade receivable balances ratio, amount of margin shortfall of margin clients and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

After considering the above factors (but ignoring the collateral), the management assesses that all of the trade receivables arising from the business of dealing in securities for cash and margin clients 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 trade receivables from margin clients to be insignificant, so no loss allowance was recognised during the year.

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.

Deposits with financial institution and trade receivables from HKSCC

The credit risk on bank balances and trade receivables from HKSCC 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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. The sensitivity analysis has been determined based on the exposure to market price risk.

At 30 September 2020, if the quoted market prices of the listed investments and the underlying listed shares of unlisted investments classified as Designated FVOCI had been 18% (2019: 9%) 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$476,000 (2019: HK$266,000).

At 30 September 2020, if the quoted market prices of the underlying listed shares of unlisted investments under financial assets at FVPL had been 14% (2019: 9%) higher or lower while all other variables were held constant, the Group's loss before taxation for the year would decrease/increase by approximately HK$105,000 (2019: HK$12,000).

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 2019.

(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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

The maturity profile of the financial liabilities of the Group at the end of the reporting period based on remaining contractual undiscounted payments is summarised below:

		2020				
	Weighted average effective interest rate	**On demand or less than 1 year**	**In the second to fifth years inclusive**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Total carrying amount**
	%	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Trade and other payables	**–**	**36,533**	**–**	**–**	**36,533**	**36,533**
Loan payables	**1.79%**	**2,550**	**240**	**–**	**2,790**	**2,740**
Lease liabilities	**4.63%-12%**	**5,128**	**2,790**	**2,950**	**10,868**	**8,249**
		44,211	**3,030**	**2,950**	**50,191**	**47,522**

		2019				
	Weighted average effective interest rate	On demand or less than 1 year	In the second to fifth years inclusive	Over 5 years	Total contractual undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and other payables	–	6,687	–	–	6,687	6,687

34. 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

Financial assets	**Fair value as at**		**Value hierarchy**	**Valuation techniques**
	2020 HK$'000	2019 HK$'000		
— Investments in listed equity securities classified as Designated FVOCI	**2,094**	1,960	Level 1	Quoted prices in an active market
— Investments in unlisted equity securities classified as Designated FVOCI	**1,400**	999	Level 2	By reference to recent comparable transactions in private markets
— Financial assets at FVPL	**582**	129	Level 2	Derived from Black – Scholes option pricing model

During the years ended 30 September 2020 and 2019, 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.

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For the year ended 30 September 2020

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or

- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and HKSCC and a broker, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and a broker on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with its retail customers in the Group's brokerage business (the "**brokerage clients**") that are due to be settled on the same date with reference to the settlement method set by the HKSCC and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, a broker and the brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group and deposits placed with HKSCC and a broker do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 September 2020						
Trade receivables arising from the business of dealing in securities	12,483	(890)	11,593	–	(2,553)	9,040

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING (Continued)

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 September 2020						
Trade payables arising from the business of dealing in securities	34,222	(890)	33,332	–	–	33,332

There was no trade receivables and payables arising from the business of dealing in securities at 30 September 2019.

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is amortised cost.

36. 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 2020 and 2019.

Certain group entities are regulated by the Hong Kong Securities and Futures Commission and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "**SF(FR)R**"). These entities are 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 these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. These entities have complied with the capital requirements imposed by the SF(FR)R during the years ended 30 September 2020 and 2019.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Deposits paid for acquisition of a subsidiary		**—**	10,000
Investment in subsidiaries	11	**24,961**	—
		24,961	10,000
Current assets			
Other receivables and prepayment		**80**	1,816
Due from subsidiaries		**27,581**	60,763
Bank balances and cash		**1,044**	17,740
		28,705	80,319
Current liabilities			
Other payables		**1,517**	1,969
Due to subsidiaries		**—**	2,698
Loan payables		**2,500**	—
Tax payables		**204**	204
		4,221	4,871
Net current assets		**24,484**	75,448
NET ASSETS		**49,445**	85,448
Capital and reserves			
Share capital	26	**5,132**	5,132
Reserves	37(a)	**44,313**	80,316
TOTAL EQUITY		**49,445**	85,448

This statement of financial position was approved and authorised for issue by the Board of Directors on 8 December 2020 and signed on its behalf by

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

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

(a) Reserves

	Share premium HK$'000 (note 27a)	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000
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 10)	–	(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
At 1 October 2019	**70,935**	**9,381**	**80,316**
Loss for the year and total comprehensive loss for the year	**–**	**(36,003)**	**(36,003)**
At 30 September 2020	**70,935**	**(26,622)**	**44,313**

Summary of Results, Assets and Liabilities of the Group

Year ended 30 September 2020

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 2020, 2019, 2018 and 2017 is extracted from the consolidated financial statements in the Company's annual reports while the relevant information for the year ended/as at 30 September 2016 is extracted from the Prospectus.

	Results of the Group for the five years ended 30 September				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**62,650**	41,541	76,749	63,329	57,377
(Loss) Profit before income tax	**(35,464)**	(28,874)	29,345	21,804	20,582
Income tax credit (expense)	**238**	5,557	(5,235)	(5,824)	(5,725)
(Loss) Profit for the year	**(35,226)**	(23,317)	24,110	15,980	14,857
Other comprehensive income (loss) for the year	**181**	(4,963)	1,549	—	—
Total comprehensive (loss) income for the year	**(35,045)**	(28,280)	25,659	15,980	14,857

	Assets and liabilities of the Group as at 30 September				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**29,155**	38,442	25,718	1,228	7,121
Current assets	**72,884**	59,317	122,330	127,782	35,356
Total assets	**102,039**	97,759	148,048	129,010	42,477
Current liabilities	**45,464**	10,029	16,642	13,458	8,144
Non-current liabilities	**4,349**	459	459	—	—
Net assets	**52,226**	87,271	130,947	115,552	34,333