

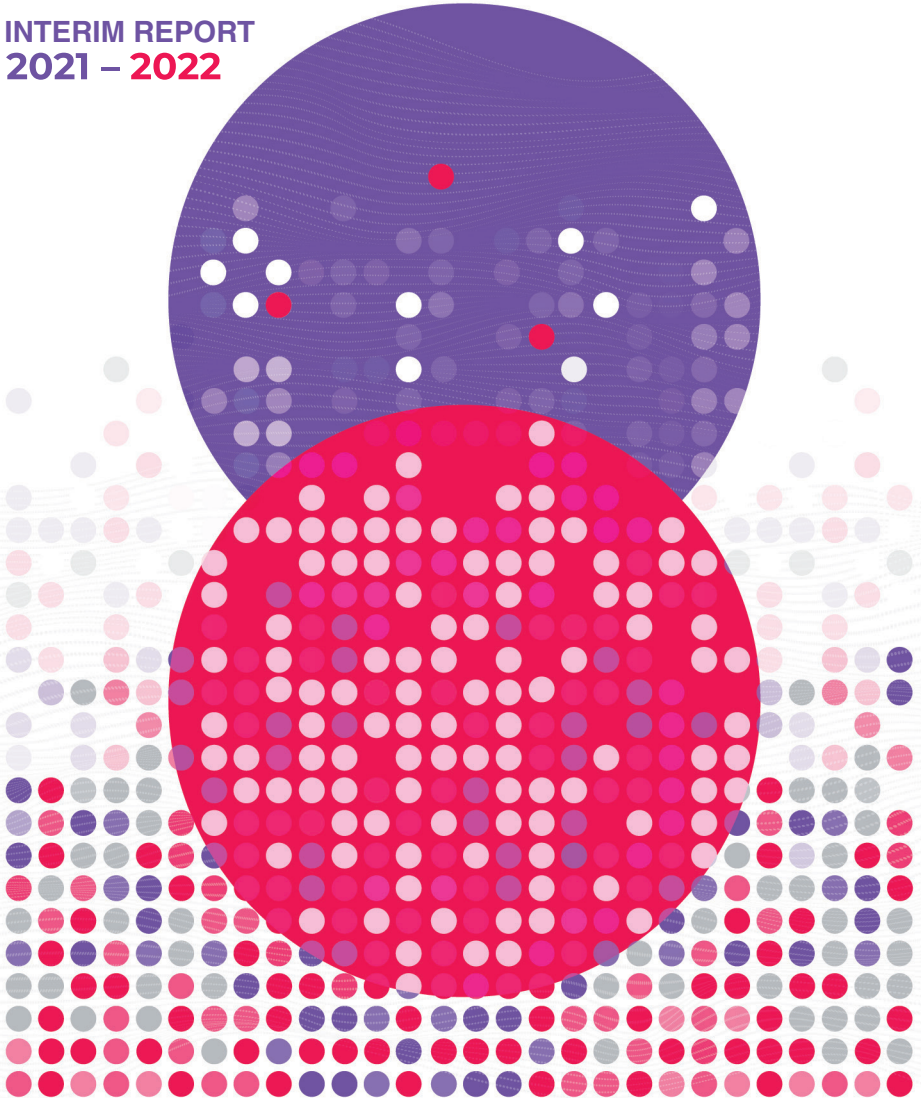
Hatcher Group Limited 亦辰集團有限公司*

(formerly known as 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

**For identification purpose only*

INTERIM REPORT 2021 – 2022





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FINANCIAL HIGHLIGHTS (UNAUDITED)

- The Company and its subsidiaries (the “**Group**”) recorded a revenue of approximately HK\$30.1 million for the six months ended 31 March 2022, representing an increase of approximately 21.9% when compared with a revenue of approximately HK\$24.7 million for the six months ended 31 March 2021.
- The Group recorded a loss of approximately HK\$4.4 million for the six months ended 31 March 2022 compared with a loss of approximately HK\$6.5 million for the six months ended 31 March 2021. The decrease in loss for the six months ended 31 March 2022 was mainly attributable to the revenue contribution from APEC GROUP INTERNATIONAL LIMITED of approximately HK\$19.2 million since its acquisition by the Company on 1 November 2021 and up to 31 March 2022.
- The basic and diluted loss per share for the six months ended 31 March 2022 was approximately HK0.72 cents and the basic and diluted loss per share for the six months ended 31 March 2021 was approximately HK1.27 cents.
- The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the six months ended 31 March 2022 (2021: nil).



UNAUDITED CONDENSED CONSOLIDATED RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the three months and six months ended 31 March 2022, together with the unaudited comparative figures for the three months and six months ended 31 March 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 March 2022

	Note	Three months ended 31 March		Six months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Continuing operations					
Revenue	4	16,729	10,706	29,603	19,118
Other (loss) income, net	5	(233)	560	(22)	2,127
Allowance for expected credit loss on trade receivables		(440)	-	(440)	-
Administrative expenses and other operating expenses		(17,425)	(19,760)	(30,175)	(30,017)
Finance costs	6	(655)	(211)	(1,626)	(471)
Loss before tax from continuing operations	7	(2,024)	(8,705)	(2,660)	(9,243)
Income tax expense	8	(86)	(35)	(198)	(68)
Loss for the period from continuing operations		(2,110)	(8,740)	(2,858)	(9,311)
Discontinued operations					
(Loss) Profit for the period from discontinued operations	15	(862)	3,607	(1,578)	2,771
Loss for the period		(2,972)	(5,133)	(4,436)	(6,540)
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Fair value gain (loss) on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")	12	598	(1,182)	1,820	646

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

For the three months and six months ended 31 March 2022

	Note	Three months ended 31 March		Six months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Other comprehensive income (loss) for the period		598	(1,182)	1,820	646
Total comprehensive loss for the period		(2,374)	(6,315)	(2,616)	(5,894)
Loss for the period attributable to:					
Owners of the Company		(2,799)	(5,133)	(4,345)	(6,540)
Non-controlling interests		(173)	-	(91)	-
		(2,972)	(5,133)	(4,436)	(6,540)
Total comprehensive loss for the period attributable to:					
Owners of the Company		(2,201)	(6,315)	(2,525)	(5,894)
Non-controlling interests		(173)	-	(91)	-
		(2,374)	(6,315)	(2,616)	(5,894)
		HK cents	HK cents (Re-presented)	HK cents	HK cents (Re-presented)
From continuing and discontinued operations					
Loss per share					
Basic and diluted	9	(0.44)	(1.00)	(0.72)	(1.27)
From continuing operations					
Loss per share					
Basic and diluted	9	(0.31)	(1.70)	(0.46)	(1.81)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		At 31 March 2022 HK\$'000 (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Goodwill	10	48,818	3,561
Plant and equipment	11	4,232	2,715
Intangible assets		3,565	–
Right-of-use assets	11	13,093	6,138
Financial assets at fair value through profit or loss (“ FVPL ”)	13	1,357	–
Designated FVOCI	12	9,847	2,565
Deferred tax assets		167	–
		81,079	14,979
Current assets			
Financial assets at FVPL	13	1,061	1,061
Other investment		790	–
Trade and other receivables	14	22,903	3,843
Amounts due from group companies		319	–
Amounts due from related parties		17	–
Bank balances – client accounts		5,960	–
Bank balances – general accounts and cash		13,709	18,958
		44,759	23,862
Assets classified as held for sale	15	29,372	30,604
		74,131	54,466
Current liabilities			
Accruals and other payables	16	12,151	5,014
Interest-bearing borrowings	17	26,459	–
Deposit received for disposal of a subsidiary	15	2,500	2,000
Loan payables	18	360	2,000
Lease liabilities	11	3,434	3,133
Income tax payables		547	593
		45,451	12,740
Liabilities associated with assets classified as held for sale	15	15,552	15,205
		61,003	27,945

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

At 31 March 2022

	At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
Net current assets	13,128	26,521
Total assets less current liabilities	94,207	41,500
Non-current liabilities		
Loan payables	18 –	360
Lease liabilities	11 10,480	3,382
Convertible note	5,040	–
Provision for reinstatement cost	300	–
Deferred tax payables	1,078	459
	16,898	4,201
NET ASSETS	77,309	37,299
Capital and reserves		
Share capital	19 7,212	5,462
Reserves	70,188	31,837
Equity attributable to owners of the Company	77,400	37,299
Non-controlling interests	(91)	–
TOTAL EQUITY	77,309	37,299



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Exchange reserve HK\$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK\$'000 (Note iv)	Convertible note reserve HK\$'000 (Note v)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 October 2020 (audited)	5,132	70,935	152	1,656	(3,002)	-	(22,647)	52,226	-	52,226
Loss for the period	-	-	-	-	-	-	(6,540)	(6,540)	-	(6,540)
Other comprehensive income (loss) for the period										
Items that will not be reclassified to profit or loss										
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	-	-	-	-	11	-	(11)	-	-	-
Fair value gain on Designated FVOCI	-	-	-	-	646	-	-	646	-	646
Total other comprehensive income (loss) for the period	-	-	-	-	657	-	(11)	646	-	646
Total comprehensive income (loss) for the period	-	-	-	-	657	-	(6,551)	(5,894)	-	(5,894)
At 31 March 2021 (unaudited)	5,132	70,935	152	1,656	(2,345)	-	(29,198)	46,232	-	46,332



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 March 2022

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Exchange reserve HK\$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK\$'000 (Note iv)	Convertible reserve note HK\$'000 (Note v)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 October 2021 (audited)	5,462	75,855	152	1,656	(3,048)	-	(42,478)	37,299	-	37,299
Loss for the period	-	-	-	-	-	-	(4,345)	(4,345)	(91)	(4,436)
Other comprehensive income for the period	-	-	-	-	1,820	-	-	1,820	-	1,820
Items that will not be reclassified to profit or loss	-	-	-	-	1,820	-	-	1,820	-	1,820
Fair value gain on Designated FVOCI	-	-	-	-	1,820	-	(4,345)	(2,525)	(91)	(2,616)
Total comprehensive income (loss) for the period	-	-	-	-	1,820	-	(4,345)	(2,525)	(91)	(2,616)
Transactions with owners:										
Contributions and distributions										
Issue of share and convertible note pursuant to acquisition of a subsidiary (Note 20)	500	7,950	-	-	-	11,335	-	19,385	-	19,385
Derecognition of subsidiaries	-	-	(370)	-	-	-	-	(370)	-	(370)
Issue of shares pursuant to conversion of convertible note	1,250	31,807	-	-	-	(9,446)	-	23,611	-	23,611
Total transactions with owners for the period	1,750	39,357	(370)	-	-	1,889	-	42,626	-	42,626
At 31 March 2022 (unaudited)	7,212	114,912	(218)	1,656	(1,228)	1,889	(46,823)	77,400	(91)	77,309



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 March 2022

Notes:

- (i) Share premium represents the excess of the net proceeds from issuance of the Company's share 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 debt as they fall due in the ordinary course of business.
- (ii) Capital reserve represents the capital contribution from the controlling party of certain subsidiaries now comprising the Group before completion of the Group reorganisation to rationalise the Group structure for listing of the shares of the Company on GEM of the Stock Exchange.
- (iii) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (iv) Investment revaluation reserve (non-recycling) comprises the accumulative net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.
- (v) Convertible note reserve represents the equity component (conversion right) of the convertible note issued by the Company.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 31 March 2022

	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(14,830)	10,577
INVESTING ACTIVITIES		
Net cash flows on acquisition of a subsidiary	15,654	–
Deposits received for disposal of a subsidiary (Note 15)	2,500	–
Purchase of plant and equipment	(315)	(32)
Purchase of Designated FVOCI	(5,461)	–
Purchase of other investment	(853)	–
Proceeds from disposal of Designated FVOCI	–	379
Net cash from investing activities	11,525	347
FINANCING ACTIVITIES		
New loans raised	–	1,620
Repayment of bank borrowings	(232)	–
Repayment of loan interests	(309)	–
Repayment of loan Lease payments	(3,709)	(3,882)
Capital injection to a subsidiary	–	2,000
Net cash used in financing activities	(4,250)	(262)
Net (decrease) increase in cash and cash equivalents	(7,555)	10,662
Cash and cash equivalents at beginning of period	28,612	26,944
Cash and cash equivalents at end of period, represented by bank balances – general accounts and cash	21,057	37,606
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalent	21,057	37,606
Less: Bank balances – general accounts and cash attributable to the subsidiary to be disposed classified as held for sale (Note 15)	(7,348)	–
Bank balances – general accounts and cash as stated in the condensed consolidated statement of financial position	13,709	37,606



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offering on 26 May 2017. The registered office of the Company is located 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.

Pursuant to the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 22 October 2021 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 10 November 2021, the name of the Company was changed from VBG International Holdings Limited to Hatcher Group Limited with effect from 22 October 2021.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) corporate finance advisory services, (ii) placing and underwriting services, (iii) business consultancy services, (iv) asset management services, (v) securities brokerage and margin financing, (vi) ESG advisory services, (vii) corporate secretarial services, (viii) accounting and taxation services, (ix) risk management and internal control advisory services, and (x) human resources services in Hong Kong.

The condensed consolidated financial statements of the Group for the three months and six months ended 31 March 2022 (the “**Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company. The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 13 May 2022.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**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.

The accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual financial statements of the Group for the year ended 30 September 2021 (the “**2020/21 Annual Report**”), except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

Adoption of new/revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 October 2021:

Amendments to HKAS39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

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

Basis of measurement

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



Critical accounting judgements and key sources of estimation uncertainty

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

In preparing the Condensed Consolidated Financial Statements, the significant judgements made by the management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the 2020/21 Annual Report.

3. SEGMENT INFORMATION

The Group is currently organised into two operating divisions, namely licensed business and non-licensed business (2021: three reportable segment, i.e. corporate finance, asset management, and brokerage and margin financing). These divisions are the basis on which the executive Directors and senior management of the Company, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these operating segments are as follows:

- Licensed business – Provision of corporate finance advisory services, placing and underwriting services, asset management services, and securities brokerage and margin financing
- Non-licensed business – Provision of ESG advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services, and human resources services in Hong Kong

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

For the six months ended 31 March 2021, the Group operated in three operating segments which were corporate finance, asset management, and brokerage and margin financing. Other than Group wide information, no further analysis of comparative figures for the six months ended 31 March 2022 is presented.

Segment revenue and results for the six months ended 31 March 2022 are presented below:

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



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:

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
<u>Continuing operations</u>				
Hong Kong	15,226	9,356	26,543	16,580
Canada	1,503	1,350	3,060	2,538
	<u>16,729</u>	<u>10,706</u>	<u>29,603</u>	<u>19,118</u>
<u>Discontinued operations</u>				
Hong Kong	252	5,411	534	5,578

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

	At	At
	31 March	30 September
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<u>Continuing operations</u>		
Hong Kong	61,669	3,538
Canada	8,521	8,876
	<u>70,190</u>	<u>12,414</u>
<u>Discontinued operations</u>		
Hong Kong	3,323	2,886

Information about major customers

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

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Customer A	-#	9,977	-#	9,977
Customer B	3,260	-#	5,647	-#
	3,260	9,977	5,647	9,977

No revenue was generated from the corresponding customer or the corresponding revenue did not represent 10% or more of the total revenue of the Group.

4. REVENUE

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Licensed business				
Revenue from contracts with customers within HKFRS 15				
Corporate finance advisory services	2,621	3,185	6,098	9,405
Placing and underwriting services	-	4,811	-	5,563
Asset management services	69	20	119	45
	2,690	8,016	6,217	15,013



	Three months ended 31 March		Six months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Non-licensed business				
Revenue from contracts with customers within HKFRS 15				
Accounting and taxation services	7,858	–	11,893	–
Business consulting services	1,573	2,690	4,158	4,105
ESG advisory services	1,769	–	3,113	–
Risk management and internal control advisory services	1,541	–	2,303	–
Corporate secretarial services	1,051	–	1,613	–
Human resources services	247	–	306	–
	<u>14,039</u>	<u>2,690</u>	<u>23,386</u>	<u>4,105</u>
Total	<u>16,729</u>	<u>10,706</u>	<u>29,603</u>	<u>19,118</u>
<u>Discontinued operations</u>				
Licensed business				
Revenue from contracts with customers within HKFRS 15				
Placing and underwriting services	–	4,947	–	4,947
Brokerage commission	152	410	319	533
Clearing, settlement and handling fee income	–	7	2	15
	<u>152</u>	<u>5,364</u>	<u>321</u>	<u>5,495</u>
Interest revenue calculated using the effective interest method				
Interest income from cash and margin clients	100	47	213	83
Total (Note 15)	<u>252</u>	<u>5,411</u>	<u>534</u>	<u>5,578</u>

5. OTHER (LOSS) INCOME, NET

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
<u>Continuing operations</u>				
Government subsidies (<i>Note</i>)	113	90	280	1,046
Interest income	2	–	3	10
Unrealised gain on financial assets at FVPL	8	–	17	–
Recovery of bad debts	–	–	–	600
Refund of legal and professional fee	–	133	–	133
Others	(356)	337	(322)	338
	<u>(233)</u>	<u>560</u>	<u>(22)</u>	<u>2,127</u>
<u>Discontinued operations</u>				
<i>(Note 15)</i>				
Government subsidies (<i>Note</i>)	–	216	–	216
Others	23	–	23	–
	<u>23</u>	<u>216</u>	<u>23</u>	<u>216</u>



Note:

During the six months ended 31 March 2022, the Group recognised government subsidies of approximately HK\$280,000 (2021: approximately HK\$1,262,000) in respect of COVID-19 related subsidy schemes with details below:

Name of scheme/Location	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
<u>Continuing operations</u>		
Employment Support Scheme/Hong Kong	–	806
Financial Industry Recruitment Scheme for Tomorrow/Hong Kong	110	–
Financial Industry Recruitment Scheme for Young Graduates/Hong Kong	90	–
Distance Business Funding Programme/Hong Kong	80	–
Canada Emergency Wage Subsidy/Canada	–	182
Canada Emergency Rent Subsidy/Canada	–	58
	280	1,046
<u>Discontinued operations</u>		
Employment Support Scheme/Hong Kong	–	216
	280	1,262

6. FINANCE COSTS

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Re-presented)		(Re-presented)
<u>Continuing operations</u>				
Interest expenses on loan payables	-	76	-	178
Interest expenses on convertible note	291	-	986	-
Interest expenses on bank borrowings	187	-	309	-
Interest expenses on lease liabilities	177	135	331	293
	655	211	1,626	471
<u>Discontinued operations</u>				
Interest expenses on lease liabilities (Note 15)	1	3	2	5
	656	214	1,628	476



7. LOSS BEFORE INCOME TAX

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

	Three months ended 31 March		Six months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Staff costs (including directors' remuneration):				
Continuing operations				
Employee benefit expense	10,862	6,591	18,458	11,671
Contributions to defined contribution plans	323	91	540	205
	<u>11,185</u>	<u>6,682</u>	<u>18,998</u>	<u>11,876</u>
Discontinued operations				
Employee benefit expense	706	814	1,279	1,708
Contributions to defined contribution plans	22	23	42	51
	<u>728</u>	<u>837</u>	<u>1,321</u>	<u>1,759</u>
Total staff costs	<u>11,913</u>	<u>7,519</u>	<u>20,319</u>	<u>13,635</u>
Continuing operations				
Auditor's remuneration	162	165	325	332
Depreciation				
– Plant and equipment	423	161	742	325
– Right-of-use assets	2,202	1,623	3,909	3,246
Exchange gain, net	(2)	–	(2)	–
Professional fees	1,870	5,149	2,768	7,090
Underwriting and related expenses	–	5,885	–	5,885
	<u>–</u>	<u>5,885</u>	<u>–</u>	<u>5,885</u>
Discontinued operations				
Auditor's remuneration	25	22	50	43
Depreciation				
– Plant and equipment	38	113	76	227
– Right-of-use assets	87	84	174	168
Professional fees	1	–	4	–
	<u>1</u>	<u>–</u>	<u>4</u>	<u>–</u>

8. INCOME TAX EXPENSE

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

For the six months ended 31 March 2022 and 2021, only one entity in the Group is subject to the two-tiered Hong Kong profits tax rates while the remaining entities in the Group will continue to be taxed at the rate of 16.5%.

For the six months ended 31 March 2022 and 2021, Hong Kong Profits Tax has been provided on the Group's estimated assessable profits arising from Hong Kong.

For the six months ended 31 March 2022 and 2021, no Enterprise Income Tax has been provided for the Group's entity established in the PRC as the entity incurred a loss for taxation purpose.

For the six months ended 31 March 2022, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose. For the six months ended 31 March 2021, the Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 28%.

	Three months ended 31 March		Six months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Continuing operations				
Current tax				
Hong Kong Profits Tax	86	–	198	–
Canada Corporate Income Tax	–	35	–	68
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income tax expenses for continuing operations	<u> 86</u>	<u> 35</u>	<u> 198</u>	<u> 68</u>



9. (LOSS)/EARNINGS PER SHARE

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

Three months ended 31 March		Six months ended 31 March	
2022	2021	2022	2021
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

(Loss)/Profit

(Loss)/Profit for the period for the purpose of basic (loss)/earnings per share

- Continuing operations	(1,937)	(8,740)	(2,767)	(9,311)
- Discontinued operations	(862)	3,607	(1,578)	2,771
	<u>(2,799)</u>	<u>(5,133)</u>	<u>(4,345)</u>	<u>(6,540)</u>

Three months ended 31 March		Six months ended 31 March	
2022	2021	2022	2021
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Shares

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

	<u>631,478</u>	<u>513,200</u>	<u>605,129</u>	<u>513,200</u>
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Diluted loss per share for the three months and six months ended 31 March 2022 is the same as the basic loss per share as the convertible note outstanding at the end of the reporting period had an anti-dilutive effect on the basic loss per share.

For the three months and six months ended 31 March 2021, diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the reporting period.

**10. GOODWILL**

During the six months ended 31 March 2022, the reconciliation of carrying amount of goodwill allocated to the cash generating unit (“CGU”) relating to the business of Baron Global Financial Canada Ltd. (the “**Canada Business CGU**”), the business of Wealth Link Securities Limited (the “**Wealth Link Business CGU**”), and the business of APEC GROUP INTERNATIONAL LIMITED (“**APEGIL**”) (the “**Corporate Services and Consultancy Business CGU**”) is as follows:

	Canada Business CGU HK\$'000	Wealth Link Business CGU HK\$'000	Corporate Services and Consultancy Business CGU HK\$'000	Total HK\$'000
Reconciliation of carrying amount				
At the beginning of the reporting period (audited)	3,561	1,863	-	5,424
Addition (Note 20)	-	-	45,257	45,257
Impairment loss	-	-	-	-
Reclassified as assets held for sale (Note 15)	-	(1,863)	-	(1,863)
	<u>3,561</u>	<u>-</u>	<u>45,257</u>	<u>48,818</u>
At the end of the reporting period (unaudited)	<u>3,561</u>	<u>-</u>	<u>45,257</u>	<u>48,818</u>
Cost	23,966	-	45,257	69,223
Accumulated impairment loss	<u>(20,405)</u>	<u>-</u>	<u>-</u>	<u>(20,405)</u>
At the end of the reporting period (unaudited)	<u>3,561</u>	<u>-</u>	<u>45,257</u>	<u>48,818</u>

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



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

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

During the six months ended 31 March 2022, the Group acquired plant and equipment of approximately HK\$887,000 (2021: approximately HK\$32,000).

Additions to the right-of-use assets for the six months ended 31 March 2022 amounted to approximately HK\$9,605,000 (2021: nil), due to acquisition of APECGIL and a new lease of office premises.

As at 31 March 2022, the carrying amounts of plant and equipment and right-of-use assets were approximately HK\$4,232,000 (30 September 2021: approximately HK\$2,715,000) and HK\$13,093,000 (30 September 2021: approximately HK\$6,138,000) respectively.

The Group's depreciation during the six months ended 31 March 2022 amounted to approximately HK\$818,000 (2021: approximately HK\$552,000) and HK\$4,083,000 (2021: approximately HK\$3,414,000) in respect of plant and equipment and right-of-use assets respectively.

(ii) Lease liabilities

As at 31 March 2022, the carrying amount of lease liabilities was approximately HK\$13,914,000 (30 September 2021: approximately HK\$6,315,000).

(iii) Amounts recognised in profit or loss

	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation on right-of-use assets	4,083	3,414
Finance cost on lease liabilities	333	298
	4,416	3,712

(iv) Other

During the six months ended 31 March 2022, the total cash outflow for leases amounted to approximately HK\$3,778,000 (2021: approximately HK\$3,908,000).

**12. DESIGNATED FVOCI**

	At	At
	31 March	30 September
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At fair value		
Equity securities listed in Hong Kong	7,875	–
Equity securities listed overseas	1,972	2,265
Equity securities unlisted overseas	–	300
	9,847	2,565

During the six months ended 31 March 2022, the fair value gain on these equity securities of approximately HK\$1,820,000 was recognised in other comprehensive income (2021: approximately HK\$646,000).

Details of the fair value measurements are set out in note 23 to the Condensed Consolidated Financial Statements.



13. FINANCIAL ASSETS AT FVPL

	At 31 March 2022 HK\$'000 (Unaudited)	At 30 September 2021 HK\$'000 (Audited)
Non-current assets		
Payment for life insurance policy (<i>Note</i>)	1,357	–
Current assets		
Held for trading		
Derivatives – unlisted options issued by companies listed overseas	1,061	1,061

Note:

The life insurance policy was entered into by a subsidiary of the Company with an insurance company to insure a director of the subsidiary and the total insured sum is United States Dollar 700,000 (equivalent to approximately HK\$5,446,000). This amount was pledged to secure the Group's banking facilities as at 31 March 2022.

Details of the fair value measurements are set out in note 23 to the Condensed Consolidated Financial Statements.

**14. TRADE AND OTHER RECEIVABLES**

	At 31 March 2022 HK\$'000 (Unaudited)	At 30 September 2021 HK\$'000 (Audited)
Trade receivables		
Trade receivables arising from the licensed business and non-licensed business	13,483	3,835
Less: Loss allowance	(1,737)	(2,120)
	11,746	1,715
Other receivables		
Prepayment	481	205
Deposits and other receivables	10,676	1,923
	11,157	2,128
	22,903	3,843



The settlement terms of trade receivables are determined in accordance with the contract terms, usually due on receipt or within 1 month to 3 months after billing.

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

	At	At
	31 March	30 September
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within 30 days	6,610	1,016
31 to 60 days	2,050	245
61 to 90 days	562	95
Over 90 days	2,524	359
	11,746	1,715

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

	At	At
	31 March	30 September
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Net yet due	898	1,206
Past due:		
Within 30 days	6,197	150
31 to 60 days	1,722	–
61 to 90 days	435	160
Over 90 days	2,494	199
	10,848	509
	11,746	1,715

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

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

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

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

	<i>HK\$'000</i>
At 1 October 2021 (audited)	2,120
Increase in allowance	717
Amount written off as uncollectible	(1,100)
	<hr/>
At 31 March 2022 (unaudited)	1,737
	<hr/> <hr/>



15. DISCONTINUED OPERATIONS

On 13 September 2021, the Company entered into a disposal agreement with JUMBO HARVEST GROUP LIMITED, to dispose of 85% of its equity interests in Wealth Link Securities Limited (“**Wealth Link Securities**”), a wholly-owned subsidiary of the Group, for a cash consideration of HK\$14,000,000 (the “**Disposal**”). Details of the Disposal have been disclosed in the announcement and circular of the Company dated 13 September 2021 and 10 February 2022 respectively. As at 31 March 2022, the Company has received refundable deposits of HK\$2,500,000. The Disposal would cause the Group’s entire brokerage and margin financing business and partial of corporate finance business to be discontinued. The Disposal was not yet completed up to the date of approving the Condensed Consolidated Financial Statements. The results of Wealth Link Securities for the three months and six months ended 31 March 2022 are analysed as follows:

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue (Note 4)	252	5,411	534	5,578
Other income	23	216	23	216
Administrative expenses and other operating expenses	(1,136)	(2,017)	(2,133)	(3,018)
Finance costs (Note 6)	(1)	(3)	(2)	(5)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Loss) Profit before tax and for the period	<u>(862)</u>	<u>3,607</u>	<u>(1,578)</u>	<u>2,771</u>

The major assets of Wealth Link Securities were classified as assets held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The major classes of assets and liabilities of Wealth Link Securities held for sale measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period are as follows:

		At	At
		31 March	30 September
		2022	2021
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Goodwill	10	1,863	1,863
Property and equipment		39	115
Intangible assets		500	500
Right-of-use assets		716	203
Other deposits		205	205
Trade receivables			
– Cash clients	(a), (b)	2,332	2,267
– Margin clients	(a), (c)	1,441	1,941
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	(a), (d)	191	–
Other receivables		176	178
Bank balances – client accounts		14,561	13,678
Bank balances – general accounts and cash		7,348	9,654
Total assets classified as held for sale		29,372	30,604
Trade payables	(a), (e)	14,731	14,745
Other payables		104	255
Lease liabilities		717	205
Total liabilities associated with assets classified as held for sale		15,552	15,205



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 settlement terms of trade receivables from cash clients are usually two days after trade date and bear interest varied between 0.5% and Hong Kong Prime rate +8% (2021: between 0.5% and Hong Kong Prime rate +8%). All the trade receivables from cash clients are neither past due nor impaired at 31 March 2022 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% (2021: between 5% and Hong Kong Prime rate +4%) per annum for the six months ended 31 March 2022. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$6,771,085 (30 September 2021: approximately HK\$13,755,000). The Group is permitted to sell or re-pledge the marketable securities if the customers default on the payment when requested by the Group. During the six months ended 31 March 2022, no margin loans were granted to the Directors nor directors of the Company's subsidiaries.
- (d) The settlement terms of trade receivables with HKSCC are usually two days after trade date. All the trade receivables from HKSCC are neither past due nor impaired at 31 March 2022.
- (e) The normal settlement terms of trade payables are repayable on demand.

The cash flow information of Wealth Link Securities is as follows:

	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flow (used in) from operating activities	(2,341)	14,962
Net cash flow from investing activities	213	83
Net cash flow used in financing activities	(178)	(1,378)
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(2,306)	13,667
	<hr/> <hr/>	<hr/> <hr/>

The loss/earnings per share information of Wealth Link Securities is as follows:

	Three months ended		Six months ended	
	31 March		31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) Earnings per share for Wealth Link Securities				
Basic and diluted	(0.14)	0.70	(0.26)	0.54
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The basic and diluted loss/earnings per share for Wealth Link Securities are calculated by dividing the loss/profit for the period of Wealth Link Securities by the weighted average number of ordinary shares for basic and diluted loss/earnings per share computation. The denominators used are the same as those detailed in note 9 to the Condensed Consolidated Financial Statements.



16. ACCRUALS AND OTHER PAYABLES

	At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
Accruals and other payables	12,100	4,647
Dividend payable	34	–
Contract liabilities	17	367
	12,151	5,014

17. INTEREST-BEARING BORROWINGS

	At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
Secured bank borrowings repayable on demand	26,459	–

The bank borrowings carried interest at variable market rates benchmarking to the interest rates of 2.25% below HSBC Prime Rate, 2.5% below DBS Prime Rate or 3% below DBS Prime Rate.

As at 31 March 2022, bank borrowings with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the Directors does not expect that the banks would exercise their right to demand repayment.

As at 31 March 2022, the Group's banking facilities granted by financial institutions in Hong Kong, under which the borrowings were drawn, are secured and guaranteed by Hong Kong Special Administrative Region Government guarantee under SME Loan Guarantee Scheme, the Group's financial assets at FVPL and unlimited personal guarantee given by a director of a subsidiary of the Company.

The maturity terms of the bank borrowings based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	At 31 March 2022 HK\$'000 (Unaudited)	At 30 September 2021 HK\$'000 (Audited)
Within one year	2,490	–
In the second year	4,344	–
In the third to fifth years inclusive	11,680	–
More than five years	7,945	–
	<u>26,459</u>	<u>–</u>

18. LOAN PAYABLES

	At 31 March 2022 HK\$'000 (Unaudited)	At 30 September 2021 HK\$'000 (Audited)
Non-current liabilities		
Government loan	(a) <u>–</u>	<u>360</u>
Current liabilities		
Government loan	(a) 360	–
Loan from a former director	(b) <u>–</u>	<u>2,000</u>
	<u>360</u>	<u>2,000</u>

Notes:

- (a) Baron Global Financial Canada Ltd. obtained a government loan of CAD60,000 (equivalent to approximately HK\$360,000) from the Canadian Government due to COVID-19 pandemic. The amount was unsecured, interest-free and repayable on 31 December 2022.
- (b) The loan was unsecured, interest-free and repayable on demand.



19. SHARE CAPITAL

	At 31 March 2022		At 30 September 2021	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
Authorised				
At the beginning and end of the reporting period (at par value of HK\$0.01 per share)	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid				
At the beginning of the reporting period	546,200,000	5,462	513,200,000	5,132
Issue of new shares (<i>Note</i>)	175,000,000	1,750	33,000,000	330
At the end of the reporting period (at par value of HK\$0.01 per share)	721,200,000	7,212	546,200,000	5,462

Note:

During the six months ended 31 March 2022, the Company has issued and allotted an aggregate of 175,000,000 ordinary shares in the following manners:

- (i) On 1 November 2021, the Company issued and allotted 50,000,000 shares at HK\$0.20 per share pursuant to the completion of acquisition of the entire issued shares of APEGIL;
- (ii) On 1 March 2022, the Company issued and allotted 25,000,000 shares at HK\$0.20 per share pursuant to the exercise of the conversion rights attached to the Convertible Note in the principal amount of HK\$5,000,000; and
- (iii) On 8 March 2022, the Company issued and allotted 100,000,000 shares at HK\$0.20 per share pursuant to the exercise of the conversion rights attached to the Convertible Note in the principal amount of HK\$20,000,000.

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

20. BUSINESS COMBINATION

On 1 November 2021, the Group acquired the entire issued shares of APEGIL at a consideration of HK\$40,000,000 which was settled by the issue and allotment of 50,000,000 new shares at HK\$0.20 per share and the remaining HK\$30,000,000 by way of the issue of the convertible note convertible into 150,000,000 new shares upon full conversion of the convertible note at a conversion price of HK\$0.20 per share. APEGIL and its subsidiaries are engaged in the provision of ESG advisory services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services, and human resources services in Hong Kong.

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

	<i>HK\$'000</i> (Unaudited)
Consideration	
Issue of share capital	8,050
Issue of convertible note	38,907
	<hr/>
	46,957
	<hr/> <hr/>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intangible assets	3,565
Plant and equipment	1,372
Right-of-use assets	1,994
Deferred tax assets	167
Trade and other receivables	12,818
Bank balances and cash	15,654
Accruals and other payables	(2,633)
Bank borrowings	(27,328)
Lease liabilities	(1,953)
Income tax payable	(236)
Deferred tax liabilities	(620)
Provision for reinstatement cost	(150)
	<hr/>
Total identifiable net assets	2,650
Non-controlling interests	(950)
Goodwill arising on acquisition <i>(Note 10)</i>	45,257
	<hr/>
Total fair value consideration	46,957
	<hr/> <hr/>



Net cash inflow on acquisition of a subsidiary

	<i>HK\$'000</i> (Unaudited)
Net cash acquired from the subsidiary	15,654
Consideration for acquisition settled in cash	—
	<hr/>
	15,654
	<hr/> <hr/>

21. SHARE OPTION SCHEME

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

Since the adoption of the Scheme and up to 31 March 2022, no option has been granted by the Company.

22. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 31 March 2022 (2021: nil).

23. FAIR VALUE MEASUREMENTS

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

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

(a) Assets measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques
	31 March 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)		
Investments in listed equity securities classified as Designated FVOCI	9,847	2,265	Level 1	Quoted prices in an active market
Investments in unlisted equity securities classified as Designated FVOCI	-	300	Level 2	By reference to recent comparable transactions in private markets
Unlisted options classified as financial assets at FVPL	1,061	1,061	Level 2	Derived from Black-Scholes option pricing model
Unlisted investments – payment for life insurance policy classified as financial assets at FVPL	1,357	-	Level 3	Surrender cash value (including guaranteed interest) reported by the financial institution on a regular basis

During the six months ended 31 March 2022, there were no transfer between Level 1 and Level 2 fair value measurements (2021: approximately HK\$1.1 million).

During the six months ended 31 March 2022 and 2021, there were 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.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) licensed business on corporate finance advisory services, placing and underwriting services, asset management services and securities brokerage and margin financing (“**Licensed Business**”); and (ii) non-licensed business on ESG advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong (“**Non-Licensed Business**”).

(i) Continuing Operations

Licensed Business

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

VBG Capital Limited
 (“**VBG Capital**”)

A licensed corporation under the Securities and Futures Ordinance (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. 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.

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. The Group’s asset management services include providing advisory services for equity securities, fixed income securities, real estate securities, mutual funds and discretionary portfolio management services for professional clients.



Corporate finance advisory business continues to be the core business of the Group's Licensed Business. During the six months ended 31 March 2022, the corporate finance advisory business accounted for approximately 20.2% of the Group's total revenue. The Group's other Licensed Businesses, namely, (i) placing and underwriting services and (ii) asset management services, accounted for approximately nil% and 0.4% of its total revenue during the six months ended 31 March 2022, respectively.

Non-Licensed Business

The Group's business consulting business is operated primarily by its wholly-owned subsidiary in Canada, Baron Global Financial Canada Ltd. 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. The Group's business consulting services accounted for approximately 13.8% of its total revenue during the six months ended 31 March 2022.

The Group's businesses and operations in respect of the provision of ESG advisory services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services, and human resources services are carried out under APEC GROUP INTERNATIONAL LIMITED ("**APECGIL**"), a wholly-owned subsidiary of the Company. During the period from 1 November 2021 to 31 March 2022, contributions from APECGIL amounted to approximately HK\$19.2 million accounting for approximately 63.8% of the Group's total revenue.

(ii) Discontinued Operations

Licensed Business

The Group expanded its business to securities brokerage and margin financing by acquiring a 100% equity interest in Wealth Link Securities Limited ("**Wealth Link Securities**"), a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in 2019. The Group's securities brokerage and margin financing business accounted for approximately 1.8% of its total revenue during the six months ended 31 March 2022. On 13 September 2021, the Company as seller entered into an agreement for the disposal of 85% equity interest in Wealth Link Securities. As at the date of this report, completion of the disposal does not take place.



FINANCIAL REVIEW (CONTINUING AND DISCONTINUED OPERATIONS)

Revenue

For the six months ended 31 March 2022, the Group's total revenue increased by approximately 21.9% to approximately HK\$30.1 million (2021: approximately HK\$24.7 million) primarily attributable to the acquisition of APECGIL by the Company during the reporting period.

Other income

The Group's other income decreased by approximately 100.0%, from approximately HK\$2.3 million for the six months ended 31 March 2021 to approximately HK\$1,000 for the six months ended 31 March 2022, mainly resulting from the decrease in government subsidies of approximately HK\$766,000 and absence of recovery of bad debts of HK\$600,000 recognised during the six months ended 31 March 2022.

Administrative expenses and other operating expenses

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

The Group's administrative expenses and other operating expenses decreased slightly by approximately HK\$0.7 million, or approximately 2.1%, from approximately HK\$33.0 million for the six months ended 31 March 2021 to approximately HK\$32.3 million for the six months ended 31 March 2022.

Finance costs

The Group's finance costs increased to approximately HK\$1.6 million for the six months ended 31 March 2022 from approximately HK\$476,000 for the six months ended 31 March 2021, mainly resulting from the interest expenses incurred on the convertible note and the bank borrowings due to the acquisition of APECGIL by the Company during the reporting period.

Loss for the period

As a result of foregoing, the Group recorded a loss of approximately HK\$4.4 million for the six months ended 31 March 2022 as compared with a loss of approximately HK\$6.5 million for the six months ended 31 March 2021.



PROSPECTS

With an expected better business environment in 2022 relative to 2021, the Group will continue to seek business opportunities for our existing Licensed Business and potential Non-Licensed Business. The acquisition of the APEGIL is expected to create synergy with the Group's current business and diversify the Group's revenue source; and expand the Group's client base, enabling the Group to transform to a provider of extensive financial and consulting services.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events subsequent to 31 March 2022 and up to the date of this report.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

Save as disclosed in note 13 to the Condensed Consolidated Financial Statements, the Group did not have any charges on its assets or material contingent liabilities.

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

As at 31 March 2022, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:



Long positions in the shares of the Company:

Name of Directors	Capacity/Nature	Number of shares interested	Approximate percentage of the issued share capital of the Company (Note 3)
Mr. Li Man Keung Edwin ("Mr. Li")	Interests of controlled corporation/ Beneficial owner	116,870,000 (Note 1)	16.20%
Mr. Yeung Chun Yue David ("Mr. Yeung")	Interests of controlled corporation	33,000,000 (Note 2)	4.58%

Notes:

- (1) These 116,870,000 shares include 113,730,000 shares held by Tanner Enterprises Group Limited ("**Tanner Enterprises**"), a company incorporated in the British Virgin Islands (the "**BVI**") and wholly owned by Mr. Li. Therefore, Mr. Li is deemed to be interested in all the shares held by Tanner Enterprises for the purpose of the SFO.
- (2) These 33,000,000 shares are held by GREAT WIN GLOBAL LIMITED ("**Great Win**"), a company incorporated in the BVI and wholly owned by Mr. Yeung. Therefore, Mr. Yeung is deemed to be interested in all the shares held by Great Win for the purpose of the SFO.
- (3) The approximate percentage of shareholdings is based on 721,200,000 Shares in issue as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “**DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**” above and “**SHARE OPTION SCHEME**” below, neither the Company nor any of its subsidiaries or associated corporations was, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations at any time during the six months ended 31 March 2022.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, 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 shareholders	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 (Note 4)
Ms. Wan Ho Yan Letty ("Ms. Letty Wan")	Interests of controlled corporation/ Beneficial owner	246,885,000	-	246,885,000 (Note 1)	34.23%
Jayden Wealth	Beneficial owner	246,680,000	-	246,680,000 (Note 1)	34.20%
Tanner Enterprises	Beneficial owner	113,730,000	-	113,730,000 (Note 2)	15.77%
LUCK ACHIEVE DEVELOPMENTS LIMITED ("Luck Achieve")	Beneficial owner	50,000,000	25,000,000	75,000,000 (Note 3)	10.40%



Notes:

- (1) Jayden Wealth is a company incorporated in the BVI and wholly owned by Ms. Letty Wan as at 31 March 2022. Under the SFO, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth.
- (2) Tanner Enterprises is a company incorporated in the BVI and wholly owned by Mr. Li, an executive Director, as at 31 March 2022. Under the SFO, Mr. Li is deemed to be interested in all the shares held by Tanner Enterprises.
- (3) Luck Achieve is a company incorporated in the BVI and owned as to 60% by Mr. Li Chun Fung, 20% by Mr. Li Man Keung Edwin and 20% by Mr. Li Man Chun as at 31 March 2022 respectively. Under the SFO, Mr. Li Chun Fung is deemed to be interested in all the shares held by Luck Achieve. Luck Achieve is the beneficial owner of the convertible note of the Company which is convertible into a maximum of 25,000,000 shares of the Company (the “**Convertible Note**”). Therefore, Luck Achieve is deemed to be interested in 25,000,000 shares which may fall to be issued and allotted by the Company following the exercise of the conversion rights attaching to the Convertible Note (assuming full conversion of the Convertible Note).
- (4) The approximate percentage of shareholdings is based on 721,200,000 Shares in issue as at 31 March 2022.

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 any interests or short positions in the shares and/or underlying shares of the Company as at 31 March 2022 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Scheme**”) by the resolutions in writing of the sole shareholder of the Company passed 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. No share option has been granted by the Company since the adoption of the Scheme and there was no share option outstanding as at 31 March 2022.



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

Reference is made to the agreement (the “**Agreement**”) dated 11 June 2021 entered into by the Company as purchaser for the acquisition (the “**Acquisition**”) of the entire issued shares of APEGIL, the Acquisition was completed on 1 November 2021. As a result of the completion of the Acquisition and pursuant to the terms of the Agreement, on 1 November 2021, (i) 50,000,000 new ordinary shares of the Company were issued and allotted to Luck Achieve (or its nominee(s)) at an issue price of HK\$0.20 per share to settle the amount of HK\$10,000,000 of the consideration for the Acquisition under the Agreement and that (ii) the Convertible Note in an aggregate principal amount of HK\$30,000,000 was issued by the Company to Luck Achieve (or its nominee(s)) to settle the remaining amount of HK\$30,000,000 of the consideration for the Acquisition under the Agreement. Pursuant to the Convertible Note, the Company will issue and allot 150,000,000 new shares (the “**Conversion Shares**”) upon full conversion of the Convertible Note at a conversion price of HK\$0.20 per Conversion Share. The Convertible Note with an aggregate principal amount of HK\$25,000,000 has been converted into 125,000,000 new shares of the Company in March 2022. As at 31 March 2022, the outstanding principal amount of the Convertible Note is HK\$5,000,000. Details of the Acquisition were disclosed in the announcement of the Company dated 11 June 2021 and the circular of the Company dated 30 September 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 March 2022 and up to the date of this report and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the three months ended 31 March 2022 and up to the date of this report.

COMPETING INTERESTS

As at 31 March 2022, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has or may have any other conflict of interests with the Group during the six months ended 31 March 2022.



CORPORATE GOVERNANCE

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

During the six months ended 31 March 2022 and up to the date of this report, the Board has reviewed the Group's corporate governance practices and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

AUDIT COMMITTEE

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

Pursuant to code provision D.3.3 of Part 2 of the Code, the Audit Committee together with the management of the Company have reviewed the financial reporting matters including the review of the unaudited condensed consolidated results of the Group for the six months ended 31 March 2022 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.



BOARD OF DIRECTORS

As at the date of this report, the Directors are:

Executive Directors:

Mr. Li Man Keung Edwin (*Executive Chairman*)

Mr. Hui Ringo Wing Kun

Mr. Yeung Chun Yue David (*Vice Chairman*)

Independent Non-executive Directors:

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

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

Hong Kong, 13 May 2022