



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

Third Quarterly Report 2016-17

** For identification purpose only*

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This report, for which the directors of VBG International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (the “Directors”), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS (UNAUDITED)

- The Company and its subsidiaries (the “**Group**”) recorded revenue of approximately HK\$27.6 million for the nine months ended 30 June 2017, representing an increase of approximately 27.2% when compared with approximately HK\$21.7 million for the nine months ended 30 June 2016.
- The Group recorded a loss of approximately HK\$6.4 million for the nine months ended 30 June 2017 compared with profit of approximately HK\$2.0 million for the nine months ended 30 June 2016. The loss for the nine months ended 30 June 2017 was attributable to (i) non-recurring expenses relating to the Company’s successful listing on the GEM of the Stock Exchange on 26 May 2017 (the “**Listing**”) of approximately HK\$9.1 million; and (ii) an increase in staff costs and related expenses of approximately HK\$6.2 million.
- The basic and diluted loss per share for the nine months ended 30 June 2017 was approximately HK\$1.59 cents and the basic and diluted earnings per share for the nine months ended 30 June 2016 was approximately HK\$0.51 cents.
- Except for the dividend of approximately HK\$10.8 million was paid for the nine months ended 30 June 2017, the Directors do not recommend the payment of any dividend for the nine months ended 30 June 2017.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 June 2017, together with the comparative unaudited figures for the three months and nine months ended 30 June 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 June 2017

	Note	Three months ended 30 June		Nine months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	10,976	9,495	27,612	21,705
Other income, net	4	(1)	—	(7)	130
Administrative expenses and other operating expenses	5	<u>(16,913)</u>	<u>(7,806)</u>	<u>(33,622)</u>	<u>(19,879)</u>
(Loss) Profit before income tax	5	(5,938)	1,689	(6,017)	1,956
Income tax credit (expense)	6	<u>313</u>	<u>—</u>	<u>(368)</u>	<u>—</u>
(Loss) Profit for the period		<u>(5,625)</u>	<u>1,689</u>	<u>(6,385)</u>	<u>1,956</u>
Other comprehensive (loss) income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value (loss) gain on available-for-sale financial assets		<u>(280)</u>	<u>(1,240)</u>	<u>240</u>	<u>(2,040)</u>
Other comprehensive (loss) income for the period		<u>(280)</u>	<u>(1,240)</u>	<u>240</u>	<u>(2,040)</u>
Total comprehensive (loss) income attributable to ordinary equity holder of the Company for the period		<u>(5,905)</u>	<u>449</u>	<u>(6,145)</u>	<u>(84)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss) Earnings per share attributable to ordinary equity holder of the Company					
— Basic and diluted	7	<u>(1.29)</u>	<u>0.44</u>	<u>(1.59)</u>	<u>0.51</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 June 2017

	Share capital	Share premium	Capital reserve	Exchange reserve	Investment revaluation reserve	(Accumulated losses)/ retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2016 (audited)	—	—	35,152	1,392	—	(2,211)	34,333
Loss for the period	—	—	—	—	—	(6,385)	(6,385)
	—	—	—	—	—	(6,385)	(6,385)
Other comprehensive income for the period							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Fair value gain on available-for- sale financial assets	—	—	—	—	240	—	240
	—	—	—	—	240	—	240
Total comprehensive income (loss) for the period	—	—	—	—	240	(6,385)	(6,145)
Transfer (note i)	—	—	(35,000)	—	—	35,000	—
Transactions with owners							
<i>Contribution and distribution</i>							
Issue of shares by way of share offer (note ii)	1,283	85,961	—	—	—	—	87,244
Capitalisation issue (note ii)	3,849	(3,849)	—	—	—	—	—
Transaction costs attributable to issue of new shares	—	(11,177)	—	—	—	—	(11,177)
Dividends paid during the period (note 8)	—	—	—	—	—	(10,828)	(10,828)
Total transactions with owners for the period	5,132	70,935	—	—	—	(10,828)	65,239
At 30 June 2017 (unaudited)	<u>5,132</u>	<u>70,935</u>	<u>152</u>	<u>1,392</u>	<u>240</u>	<u>15,576</u>	<u>93,427</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine months ended 30 June 2017 (Continued)

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (note iii)	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000
At 1 October 2015 (audited)	—	—	45,292	1,392	—	7,352	54,036
Profit for the period	—	—	—	—	—	1,956	1,956
	—	—	—	—	—	1,956	1,956
Other comprehensive loss for the period							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Fair value loss on available-for- sale financial assets	—	—	—	—	(2,040)	—	(2,040)
	—	—	—	—	(2,040)	—	(2,040)
Total comprehensive (loss) income for the period	—	—	—	—	(2,040)	1,956	(84)
Transactions with owners							
<i>Contribution and distribution</i>							
Contribution adjustment upon reorganisation	—	—	(10,140)	—	—	—	(10,140)
Dividends paid during the period (note 8)	—	—	—	—	—	(11,094)	(11,094)
Total transactions with owners for the period	—	—	(10,140)	—	—	(11,094)	(21,234)
At 30 June 2016 (unaudited)	<u>—</u>	<u>—</u>	<u>35,152</u>	<u>1,392</u>	<u>(2,040)</u>	<u>(1,786)</u>	<u>32,718</u>

Notes:

- (i) During the nine months ended 30 June 2017, capital reserve of HK\$35,000,000 was transferred to retained profits to facilitate future distributions.
- (ii) On 26 May 2017, the Company issued a total of 128,300,000 ordinary shares of HK\$0.01 each at a price of HK\$0.68 per share as a result of the completion of the Share Offer (as defined in the prospectus dated 15 May 2017, the “**Prospectus**”). The gross total proceeds from the share offer of HK\$87,244,000 representing the par value of HK\$1,283,000 credited to the Company’s share capital, and share premium of HK\$85,961,000, which can be used for deduction of share issuance expenses. After the share premium account being credited as a result of the share offer, approximately HK\$3,849,000 was capitalised from the share premium account and applied in paying up full 384,899,220 shares which was allotted and issued to the then shareholder. The Company’s total number of issued shares was increased from 780 shares to 513,200,000 shares upon completion of Share Offer and Capitalisation Issue as disclosed in Appendix IV to the Prospectus.
- (iii) Capital reserve of the Company represents the capital contribution from the ultimate controlling party of certain subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 30 June 2017

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 have been listed on the GEM of the Stock Exchange on 26 May 2017. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 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 provision of corporate finance advisory services, placing and underwriting services and business consultancy services.

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

The condensed consolidated financial statements of the Group for the three months and nine months ended 30 June 2017 (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 10 August 2017.

The shares of the Company were listed on the GEM by way of placing and public offer on 26 May 2017.

The Condensed Consolidated Financial Statements are presented in Hong Kong dollars ("**HK\$**") which is also the functional currency of the Company.

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**") and the applicable disclosure requirements of the GEM Listing Rules.

The Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 30 September 2016 (the "**2016 Financial Information**") which have been prepared in accordance with HKFRSs issued by the HKICPA and stated in Appendix I of the prospectus of the Company dated 15 May 2017 (the "**Prospectus**"). The Condensed Consolidated Financial Statements have been prepared in accordance with the

same accounting policies adopted by the Group in the 2016 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 October 2016. The adoption of these new and revised HKFRSs has not had material impact on the Condensed Consolidated Financial Statements and has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the GEM of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Ms. Letty Wan. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group. Accordingly, for the purpose of the preparation of the Condensed Consolidated Financial Statements, the Company has been considered as the holding company of the companies now comprising the Group throughout the periods presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Ms. Letty Wan prior to and after the Reorganisation.

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for the available-for-sale financial assets and financial assets at fair value through profit or loss that are measured at fair value.

The preparation of the Condensed Consolidated Financial Statements in conformity with HKFRSs 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.

3. REVENUE

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Corporate finance advisory services	10,706	5,895	24,862	12,705
Placing and underwriting services	—	600	—	600
Business consulting services	270	3,000	2,750	8,400
	<u>10,976</u>	<u>9,495</u>	<u>27,612</u>	<u>21,705</u>

4. OTHER INCOME, NET

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Dividend income from investments	3	2	3	2
Net realised (loss) gain from sale of investments at fair value through profit or loss	—	—	—	89
Net unrealised (loss) gain on financial assets at fair value through profit or loss	(6)	(5)	(31)	26
Interest income	2	3	5	6
Others	—	—	16	7
	<u>(1)</u>	<u>—</u>	<u>(7)</u>	<u>130</u>

5. (LOSS) PROFIT BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Staff costs:				
Salaries and allowances	7,008	4,279	18,038	11,930
Contributions to defined contribution plans	<u>104</u>	<u>105</u>	<u>341</u>	<u>300</u>
Total staff costs (including directors' remuneration)	<u>7,112</u>	<u>4,384</u>	<u>18,379</u>	<u>12,230</u>
Auditor's remuneration	8	4	42	18
Depreciation of plant and equipment	64	58	188	173
Exchange loss (gain)	—	(18)	90	(18)
Listing expenses	7,272	718	9,124	1,018
Operating lease payments on premises	<u>1,201</u>	<u>1,083</u>	<u>3,538</u>	<u>3,431</u>

6. INCOME TAX (CREDIT) EXPENSE

The group entities established in the Cayman Islands and the BVI are exempted from income tax.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during each of the periods.

The Group's entity established in the PRC is subject to Enterprise Income Tax of the PRC at a statutory rate of 25% during each of the periods.

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax (credit) expense				
Hong Kong Profits Tax	<u>(313)</u>	<u>—</u>	<u>368</u>	<u>—</u>

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share of the Company is based on the following data:

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
(Loss) Earnings				
(Loss) Profit for the period for the purpose of basic earnings per share	<u>(5,625)</u>	<u>1,689</u>	<u>(6,385)</u>	<u>1,956</u>

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>435,656</u>	<u>384,899</u>	<u>401,818</u>	<u>384,899</u>

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has taken into account the Capitalisation Issue and the Share Offer as stated in note (ii) to the Condensed Consolidated Statement of Changes in Equity.

The weighted average number of ordinary shares in issue for the three months and nine months ended 30 June 2016 have been retrospectively adjusted for the effect of the Capitalisation Issue upon the completion of the share offer as if such capitalisation issued shares were fully issued at the beginning of three months and nine months ended 30 June 2016.

For each of the three months and nine months ended 30 June 2017 and 2016, there were no dilutive potential ordinary shares in issue, thus no diluted earnings/(loss) per share is presented.

8. DIVIDENDS

	Three months ended		Nine months ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Dividends declared and paid	<u>—</u>	<u>11,094</u>	<u>10,828</u>	<u>11,094</u>

During the nine months ended 30 June 2016, dividends of HK\$11,094,000 were settled through current account with immediate holding company.

During the nine months ended 30 June 2017, dividends of HK\$7,300,000 were paid in cash and further dividends of HK\$3,528,000 were distributed in specie with the entire interest in a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally provides (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services.

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 26 May 2017.

Under the dampened investment environment, the Group has strived to record a slightly increase in revenue for the three months ended 30 June 2017 by approximately HK\$1.5 million as compared to the corresponding period in 2016. The slightly increase was principally attributable to the overall number of active engagements handled by the Group increased from 19 for the three months ended 30 June 2016 to 22 for the three months ended 30 June 2017.

FINANCIAL REVIEW

Revenue

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

The Group's revenue slightly increased by approximately HK\$1.5 million, or approximately 15.8% from approximately HK\$9.5 million for the three months ended 30 June 2016 as compared to approximately HK\$11.0 million for the three months ended 30 June 2017. Such increase was mainly attributable to increases in revenue of approximately HK\$4.8 million from corporate finance advisory services while partially offset by decrease in revenue of approximately HK\$2.7 million from business consulting services.

Following the dampened investment environment since early July 2015 and continued in 2016 and early 2017, both the Group and the potential customers have been more alert in evaluating the downside risks before concluded placing and underwriting transactions as well as business consulting transactions, in particular of those involved cross-border merger and acquisition.

Nevertheless, the revenue from corporate finance advisory services increased by approximately HK\$4.8 million, or approximately 81.4% from approximately HK\$5.9 million for the three months ended 30 June 2016 as compared to approximately HK\$10.7 million for the three months ended 30 June 2017. Such increase was mainly attributable to (i) two active financial advisory engagements for discloseable transactions for sizeable acquisitions amounting to over approximately HK\$200 million for the three months ended 30 June 2017; and (ii) one more active sponsorship engagement handled by the Group for the three months ended 30 June 2017 as compared to three months ended 30 June 2016.

Administrative expenses and other operating expenses

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

The Group's administrative expenses and other operating expenses increased by approximately HK\$9.1 million, or approximately 116.7% from approximately HK\$7.8 million for the three months ended 30 June 2016 as compared to approximately HK\$16.9 million for the three months ended 30 June 2017. Such increase was mainly attributable to (i) increases in staff costs and related expenses by approximately HK\$2.7 million, or approximately 61.4% from approximately HK\$4.4 million for the three months ended 30 June 2016 as compared to approximately HK\$7.1 million for the three months ended 30 June 2017, and (ii) increase in Listing expenses by approximately HK\$6.6 million, or approximately 942.9% from approximately HK\$0.7 million for the three months ended 30 June 2016 as compared to approximately HK\$7.3 million for the three months ended 30 June 2017.

(Loss)/profit for the period

As a result of foregoing, the Group recorded a loss of HK\$5.6 million for the three months ended 30 June 2017 as compared with profit of HK\$1.7 million for the three months ended 30 June 2016.

USE OF PROCEEDS

In respect of the net proceeds of 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) raised from the Share Offer on 26 May 2017, which is lower than the estimated net proceeds of approximately HK\$73.4 million (assuming the Offer Price would be HK\$0.78 per Offer Share, being the mid-point of the price range stated in the Prospectus).

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus. The adjusted use of proceeds is shown below together with the net proceeds had been utilised, as at 30 June 2017, as follows:

	Adjusted net proceeds	Amount utilised as at 30 June 2017	Balance
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
To expand our placing and underwriting business	39.3	—	39.3
To enhance and strengthen our financial advisory business by maintaining and expanding our corporate finance team	5.5	—	5.5
To expand our network internationally and across the PRC	12.1	—	12.1
General working capital	<u>2.0</u>	<u>0.4</u>	<u>1.6</u>
Total	<u><u>58.9</u></u>	<u><u>0.4</u></u>	<u><u>58.5</u></u>

As at 30 June 2017, unutilised proceeds of approximately HK\$58.5 million were deposited in a licensed bank in Hong Kong.

PROSPECTS

Despite the dampened investment environment resulted from the potential risks associated with global monetary easing policies and increasing interest rates, the Group will continuously focus its efforts to (i) participate actively in placing and underwriting activities in primary and secondary market fund raising exercises, (ii) enhance and strengthen our financial services business by maintaining and expanding our corporate finance team and (iii) expand our network internationally and across the PRC.

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 June 2017, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions

(i) Interests in the shares of the Company:

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

Notes:

- (1) These 384,900,000 shares are held by Jayden Wealth Limited (“**Jayden Wealth**”), a company incorporated in the British Virgin Islands and wholly owned by Ms. Wan Ho Yan Letty (“**Ms. Letty Wan**”). Therefore, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth for the purpose of the SFO.
- (2) The letter “L” denotes as long positions in the shares of the Company.

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

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

Save as disclosed above, as at 30 June 2017, 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, or any of its subsidiaries or associated corporations, 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 nine months ended 30 June 2017.

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

As at 30 June 2017, 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 Limited	Beneficial owner	384,900,000	—	384,900,000	75%

Notes:

- (1) Jayden Wealth Limited (“**Jayden Wealth**”) is wholly owned by Ms. Wan Ho Yan Letty (“**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 June 2017, 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 June 2017 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Share Option Scheme**”) by the resolutions in writing of the sole shareholder of the Company passed on 4 May 2017. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. No share option has been granted by the Company since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2017.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company from the date of Listing on 26 May 2017 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 from the date of Listing on 26 May 2017 and up to date of this report.

COMPETING INTERESTS

As at 30 June 2017, 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 nine months ended 30 June 2017.

COMPLIANCE ADVISER'S INTEREST

As at the date of this report, Dakin Capital Limited (“**Dakin Capital**”), the compliance adviser of the Company, has confirmed that except for (i) Dakin Capital participation as a sponsor, joint bookrunner and joint lead manager in relation to the Listing, and (ii) the compliance adviser agreement entered into between the Company and Dakin Capital dated 11 May 2017 neither Dakin Capital nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE

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

Since the Date of Listing 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 C.3.3 of the Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tsang Wing Ki, as the chairman of the Audit Committee, Mr. Kam Cheuk Fai David and Mr. William Robert Majcher. 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 C.3.3 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 third quarterly results for the nine months ended 30 June 2017 of the Group 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:

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. Tsang Wing Ki

Mr. William Robert Majcher

By Order of the Board
VBG INTERNATIONAL HOLDINGS LIMITED
Wan Ho Yan Letty
Chairperson

Hong Kong, 10 August 2017