



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

**Interim Report
2017-18**

** 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 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\$16.7 million for the six months ended 31 March 2018, representing a slight increase of approximately 0.6% when compared with approximately HK\$16.6 million for the six months ended 31 March 2017.
- The Group recorded a loss of approximately HK\$1.2 million for the six months ended 31 March 2018 compared with loss of approximately HK\$0.8 million for the six months ended 31 March 2017. The loss for the six months ended 31 March 2018 was attributable to an increase in staff costs and related expenses.
- The basic and diluted loss per share for the six months ended 31 March 2018 was approximately HK\$0.24 cents and the basic and diluted loss per share for the six months ended 31 March 2017 was approximately HK\$0.20 cents.
- The Directors do not recommend the payment of any interim dividend for the six months ended 31 March 2018.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) announce the unaudited condensed consolidated results of the Group for the three months and six months ended 31 March 2018, together with the comparative unaudited figures for the three months and six months ended 31 March 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 March 2018

	Note	Three months ended 31 March		Six months ended 31 March	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	10,089	6,031	16,652	16,636
Other income, net	5	(200)	9	227	(7)
Administrative expenses and other operating expenses		<u>(8,918)</u>	<u>(10,057)</u>	<u>(17,556)</u>	<u>(16,706)</u>
Profit (Loss) before income tax	6	971	(4,017)	(677)	(77)
Income tax (expense) credit	7	<u>(532)</u>	<u>339</u>	<u>(569)</u>	<u>(682)</u>
Profit (Loss) for the period		<u>439</u>	<u>(3,678)</u>	<u>(1,246)</u>	<u>(759)</u>
Other comprehensive income, net of tax					
Items that may be or were reclassified subsequently to profit or loss:					
Fair value gain on available-for-sale financial assets		—	40	—	520
Currency translation differences		<u>—</u>	<u>—</u>	<u>75</u>	<u>—</u>
Other comprehensive income for the period, net of tax		<u>—</u>	<u>40</u>	<u>75</u>	<u>520</u>
Total comprehensive income (loss) attributable to ordinary equity holder of the Company for the period		<u>439</u>	<u>(3,638)</u>	<u>(1,171)</u>	<u>(239)</u>
		HK cents	HK cents	HK cents	HK cents
Earnings (Loss) per share attributable to ordinary equity holder of the Company					
— Basic and diluted	8	<u>0.09</u>	<u>(0.96)</u>	<u>(0.24)</u>	<u>(0.20)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

		At 31 March 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2017 <i>HK\$'000</i> <i>(Audited)</i>
	<i>Note</i>		
Non-current assets			
Plant and equipment	9	<u>1,497</u>	<u>1,228</u>
Current assets			
Financial assets at fair value through profit or loss	10	29,289	21,918
Trade and other receivables and prepayments	11	14,629	31,983
Bank balances and cash		<u>69,816</u>	<u>73,881</u>
		<u>113,734</u>	<u>127,782</u>
Current liabilities			
Other payables		2,913	2,687
Income tax payables		<u>8,201</u>	<u>10,771</u>
		<u>11,114</u>	<u>13,458</u>
Net current assets		<u>102,620</u>	<u>114,324</u>
NET ASSETS		<u>104,117</u>	<u>115,552</u>
Capital and reserves			
Share capital		5,132	5,132
Reserves		<u>98,985</u>	<u>110,420</u>
TOTAL EQUITY		<u>104,117</u>	<u>115,552</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 March 2018*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 October 2017 (audited)	<u>5,132</u>	<u>70,935</u>	<u>152</u>	<u>1,392</u>	<u>—</u>	<u>37,941</u>	<u>115,552</u>
Loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,246)</u>	<u>(1,246)</u>
Other comprehensive income for the period							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation difference	<u>—</u>	<u>—</u>	<u>—</u>	<u>75</u>	<u>—</u>	<u>—</u>	<u>75</u>
Total comprehensive income (loss) for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>75</u>	<u>—</u>	<u>(1,246)</u>	<u>(1,171)</u>
Transactions with owners							
<i>Contribution and distribution</i>							
Dividends paid during the period (note 14)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,264)</u>	<u>(10,264)</u>
Total transactions with owners for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,264)</u>	<u>(10,264)</u>
At 31 March 2018 (unaudited)	<u><u>5,132</u></u>	<u><u>70,935</u></u>	<u><u>152</u></u>	<u><u>1,467</u></u>	<u><u>—</u></u>	<u><u>26,431</u></u>	<u><u>104,117</u></u>

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	(Accumulated losses)/ retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 October 2016							
(audited)	<u>—</u>	<u>—</u>	<u>35,152</u>	<u>1,392</u>	<u>—</u>	<u>(2,211)</u>	<u>34,333</u>
Loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(759)</u>	<u>(759)</u>
Other comprehensive income for the period							
<i>Items that were reclassified subsequently to profit or loss</i>							
Fair value gain on available-for-sale financial assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>520</u>	<u>—</u>	<u>520</u>
Total comprehensive income (loss) for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>520</u>	<u>(759)</u>	<u>(239)</u>
Transfer	<u>—</u>	<u>—</u>	<u>(35,000)</u>	<u>—</u>	<u>—</u>	<u>35,000</u>	<u>—</u>
Transactions with owners							
<i>Contribution and distribution</i>							
Dividends paid during the period (note 14)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,828)</u>	<u>(10,828)</u>
Total transactions with owners for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,828)</u>	<u>(10,828)</u>
At 31 March 2017							
(unaudited)	<u>—</u>	<u>—</u>	<u>152</u>	<u>1,392</u>	<u>520</u>	<u>21,202</u>	<u>23,266</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 March 2018*

	Six months ended	
	31 March	
	2018	2017
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Loss before income tax	(677)	(77)
Adjustments for:		
Bank interest income	(231)	(3)
Depreciation of plant and equipment	165	125
Dividend income from investments	(1,026)	—
Net unrealised loss of financial assets at fair value through profit or loss	<u>1,031</u>	<u>25</u>
Cash flows (used in) from operations before movements in working capital	(738)	70
Trade and other receivables and prepayments	17,354	12,953
Financial assets at fair value through profit or loss	(8,402)	—
Other payables	<u>226</u>	<u>2,484</u>
Cash generated from operations	8,440	15,507
Bank interest received	231	3
Tax paid	<u>(3,139)</u>	<u>(2,741)</u>
Net cash from operating activities	<u>5,532</u>	<u>12,769</u>
INVESTING ACTIVITIES		
Dividends received from investments	1,026	—
Purchase of plant and equipment	<u>(434)</u>	<u>(49)</u>
Net cash from (used in) investing activities	<u>592</u>	<u>(49)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2018

		Six months ended	
		31 March	
		2018	2017
		HK\$'000	HK\$'000
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
FINANCING ACTIVITIES			
Dividends paid	<i>14</i>	<u>(10,264)</u>	<u>(7,300)</u>
Net cash used in financing activities		<u>(10,264)</u>	<u>(7,300)</u>
Net (decrease) increase in cash and cash equivalents		(4,140)	5,420
Cash and cash equivalents at beginning of period		73,881	8,314
Effect of foreign exchange rate change		<u>75</u>	<u>—</u>
Cash and cash equivalents at end of period, represented by bank balances and cash		<u>69,816</u>	<u>13,734</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended 31 March 2018

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in 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, which is incorporated in the British Virgin Islands and is ultimately controlled by Ms. Wan Ho Yan Letty, 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 six months ended 31 March 2018 (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 8 May 2018.

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**") whose function currency is Renminbi ("**RMB**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standards ("**HKASs**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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 2017 (the “**2016/17 Annual Report**”) which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the HKICPA.

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. Wan Ho Yan Letty. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 15 May 2017 (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. Wan Ho Yan Letty prior to and after the Reorganisation.

The Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2016/17 Annual Report except for the adoption of the following new or revised HKFRSs which are relevant to the Group and effective from the current period. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of new/revised HKFRSs

<i>Amendments to HKAS 7</i>	<i>Disclosure Initiative</i>
<i>Amendments to HKAS 12</i>	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014-2016</i>	<i>HKFRS 12 - Clarification of the scope</i>
<i>Cycle</i>	

The adoption of the new and amended HKFRSs did not have any significant impact on the Condensed Consolidated Financial Statements.

Basis of measurement

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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed Consolidated Financial Statements in conformity with HKAS 34 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 Group's 2016/17 Annual Report.

Future changes in HKFRSs

The Group has not early applied the following new or revised HKFRSs that may be relevant to the Group and have been issued but are not yet effective for the current period:

Annual Improvements to HKFRSs	<i>2014—2016 Cycle: HKFRS 1 and HKAS 28¹</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
Annual Improvements to HKFRSs	<i>2015-2017 Cycle: HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23²</i>
HKFRS 16	<i>Leases²</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
Amendments to HKAS 28	<i>Investments in Associates and Joint Ventures²</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation²</i>
HKFRS 17	<i>Insurance Contracts³</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ The effective date to be determined

The Group is in the process of assessing the financial impact of the adoption of the above new standards and amendments. The Group will adopt the new and amended standards and interpretations when they become effective.

3. INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

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

Information about geographical areas

(a) *Revenue from external customers*

The Group's revenue is derived solely from Hong Kong, based on the location of the services rendered for the three and six months ended 31 March 2018 and 2017.

(b) *Specified non-current assets*

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

	At 31 March 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2017 <i>HK\$'000</i> <i>(Audited)</i>
Hong Kong	1,191	1,148
The PRC	<u>306</u>	<u>80</u>
	<u><u>1,497</u></u>	<u><u>1,228</u></u>

Information about major customers

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

	Three months ended		Six months ended	
	31 March		31 March	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	—#	—#	2,500	—#
Customer B	—#	800	2,382	—#
Customer C	1,800	—#	1,800	—#
Customer D	1,600	—#	—#	—#
Customer E	1,600	—#	—#	—#
Customer F	1,500	—#	—#	—#
Customer G	—#	—#	—#	2,500
Customer H	—#	—#	—#	2,285
Customer I	—#	1,000	—#	2,000
Customer J	—#	1,500	—#	—#
Customer K	—#	750	—#	—#
Customer L	—#	700	—#	—#
	<u>6,500</u>	<u>4,750</u>	<u>6,682</u>	<u>6,785</u>

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

4. REVENUE

	Three months ended		Six months ended	
	31 March		31 March	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Corporate finance advisory services	9,589	4,351	16,002	14,156
Business consulting services	500	1,680	650	2,480
	<u>10,089</u>	<u>6,031</u>	<u>16,652</u>	<u>16,636</u>

5. OTHER INCOME, NET

	Three months ended 31 March		Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Dividend income from investments	467	—	1,026	—
Net unrealised (loss) gain on financial assets at fair value through profit or loss	(889)	8	(1,031)	(25)
Interest income	221	1	231	3
Others	1	—	1	15
	<u>(200)</u>	<u>9</u>	<u>227</u>	<u>(7)</u>

6. PROFIT (LOSS) BEFORE INCOME TAX

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

	Three months ended 31 March		Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Staff costs:				
Salaries and allowances	6,227	6,428	12,228	11,029
Contributions to defined contribution plans	134	115	273	237
Total staff costs (including directors' remuneration)	<u>6,361</u>	<u>6,543</u>	<u>12,501</u>	<u>11,266</u>
Auditor's remuneration	69	30	138	34
Depreciation of plant and equipment	89	63	165	125
Exchange loss	—	2	6	90
Listing expenses	—	1,805	—	1,851
Operating lease payments on premises	<u>1,229</u>	<u>1,211</u>	<u>2,467</u>	<u>2,337</u>

7. INCOME TAX EXPENSE (CREDIT)

The group entities established in the Cayman Islands and the British Virgin Islands 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 31 March		Six months ended 31 March	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax expense (credit)				
Hong Kong Profits Tax				
Current period	532	(339)	569	446
Under-provision in prior period	—	—	—	236
	<u>532</u>	<u>(339)</u>	<u>569</u>	<u>682</u>

8. EARNINGS (LOSS) PER SHARE

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

	Three months ended 31 March		Six months ended 31 March	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings (Loss)				
Profit (Loss) for the period for the				
purpose of basic earnings per share	<u>439</u>	<u>(3,678)</u>	<u>(1,246)</u>	<u>(759)</u>

Three months ended 31 March		Six months ended 31 March	
2018	2017	2018	2017
'000	'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

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

<u>513,200</u>	<u>384,900</u>	<u>513,200</u>	<u>384,900</u>
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The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share for the three months and six months ended 31 March 2017 has been determined on the assumption that the share offer and the capitalisation issue as disclosed in note 17(d) and note 17(e) to the 2016/17 Annual Report had been completed on 1 April 2017.

For each of the three months and six months ended 31 March 2018 and 2017, there were no dilutive potential ordinary shares in issue, thus no diluted earnings (loss) per share is presented.

9. PLANT AND EQUIPMENT

During the six months ended 31 March 2018, the Group acquired items of plant and equipment of approximately HK\$434,000 (six months ended 31 March 2017: HK\$49,000).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Analysis of financial assets at fair value through profit or loss:

		At 31 March 2018 HK\$'000 (Unaudited)	At 30 September 2017 HK\$'000 (Audited)
Held for trading			
Equity securities - listed in Hong Kong	(ii)	135	149
Other equity instruments - listed overseas	(i), (ii)&(iii)	<u>29,154</u>	<u>21,769</u>
		<u>29,289</u>	<u>21,918</u>

Notes:

- (i) During the six months period ended 31 March 2018, the Company acquired 8% perpetual subordinated capital securities, Series 2 issued by HSBC Holdings plc ("HSBC") which are listed on the New York Stock Exchange at HK\$8,402,000 for treasury management purposes.

- (ii) The fair values of listed equity securities and listed other equity instruments are based on quoted market price. During the period, the fair value loss on financial assets at fair value through profit or loss of HK\$1,031,000 (six months ended 31 March 2017: a fair value loss of HK\$25,000) was recognised in profit or loss.
- (iii) On 4 May 2018, HSBC issued two irrevocable notices of redemption, pursuant to which HSBC will redeem (i) all outstanding 8.125% perpetual subordinated capital securities on 4 June 2018 and (ii) all outstanding 8% perpetual subordinated capital securities, Series 2 on 4 June 2018. Since the date of such redemptions falls within the Group's financial period for the three months ending 30 June 2018, the impact of the redemptions will be reflected in Group's third quarterly results for the three months ending 30 June 2018. The Directors plan to reinvest the proceeds from the redemption in similar products for treasury management purpose and following the strategy stated in the section headed "Management Discussion and Analysis — Significant investments held" to the 2016/17 Annual Report.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

		At 31 March 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2017 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	(a)	<u>10,282</u>	<u>29,663</u>
Prepayment		<u>411</u>	<u>214</u>
Deposits and other receivables		<u>3,936</u>	<u>2,106</u>
		<u>4,347</u>	<u>2,320</u>
		<u>14,629</u>	<u>31,983</u>

Note:

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

At the end of each reporting period, the ageing analysis of the trade receivables by invoice date is as follows:

	At 31 March 2018 HK\$'000 (Unaudited)	At 30 September 2017 HK\$'000 (Audited)
Within 30 days	5,935	29,063
31 to 60 days	355	—
61 to 90 days	160	—
Over 90 days	<u>3,832</u>	<u>600</u>
	<u>10,282</u>	<u>29,663</u>

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	At 31 March 2018 HK\$'000 (Unaudited)	At 30 September 2017 HK\$'000 (Audited)
Not yet due	<u>5,935</u>	<u>29,063</u>
Past due:		
Within 30 days	355	—
31 to 60 days	160	—
61 to 90 days	32	—
Over 90 days	<u>3,800</u>	<u>600</u>
	<u>4,347</u>	<u>600</u>
	<u>10,282</u>	<u>29,663</u>

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.

12. SHARE CAPITAL

	<i>No. of shares</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
At 30 September 2017 (audited) and 31 March 2018 (unaudited) (at par value of HK\$0.01 per share)	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 30 September 2017 (audited) and 31 March 2018 (unaudited) (at par value of HK\$0.01 per share)	<u>513,200,000</u>	<u>5,132</u>

13. 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.

Since the adoption of the Scheme and up to 31 March 2018, no option has been granted by the Company.

14. DIVIDENDS

	Three months ended 31 March		Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interim dividends (note a)	—	10,828	—	10,828
Final dividends (note b)	<u>10,264</u>	<u>—</u>	<u>10,264</u>	<u>—</u>
	<u>10,264</u>	<u>10,828</u>	<u>10,264</u>	<u>10,828</u>

Notes:

- (a) The Board does not recommend the payment of any interim dividend for the six months ended 31 March 2018.

During the six months ended 31 March 2017, interim 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.

- (b) The final dividend of HK\$0.02 per ordinary share of the Company for the year ended 30 September 2017 was approved at the annual general meeting of the Company held on 26 January 2018 and paid during the six months ended 31 March 2018 (six months ended 31 March 2017: HK\$NIL).

15. 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**

	Level 1	
	At	At
	31 March	30 September
	2018	2017
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	<i>(Audited)</i>
Financial assets at fair value through profit or loss	<u>29,289</u>	<u>21,918</u>

During the six months period ended 31 March 2018 and 2017, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurements.

(b) **Assets and liabilities with fair value disclosure, but not measured at fair value**

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at the end of each reporting period.

16. OPERATING LEASE COMMITMENTS

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

	At	At
	31 March	30 September
	2018	2017
	HK\$'000	HK\$'000
Within one year	6,344	2,514
In the second to third years inclusive	<u>13,267</u>	<u>—</u>
	<u>19,611</u>	<u>2,514</u>

17. EVENTS AFTER REPORTING PERIOD

In December 2017, a subsidiary of the Company entered into a conditional sale and purchase agreement for the acquisition of Baron Global Financial Canada Ltd. (“**Baron Canada**”). On 13 April 2018, the resolution approving the Company’s conditional acquisition of Baron Canada was duly passed at the extraordinary general meeting of the Company. On 30 April 2018, completion of the Baron Canada acquisition took place. Details of the acquisition of Baron Canada are set out in the Company’s announcement dated 19 December 2017 and circular dated 21 March 2018.

Up to the date of the approval of this report, the management is still assessing the fair values of Baron Canada’s assets and liabilities to be recognised at the date of acquisition. Accordingly, the fair value assessments of goodwill and intangible assets, if any, of Baron Canada will be finalised before 30 September 2018.

18. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved by the Board on 8 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the period, corporate finance advisory business has continued to generate a substantial majority of the Group's revenue.

In December 2017, the Company entered into a memorandum of understanding with PA Ergon Legal, and a subsidiary of the Company entered into a conditional sale and purchase agreement for the acquisition of Baron Global Financial Canada Ltd. ("**Baron Canada**"), both of which is in line with the business strategies of the Group to expand its international network.

FINANCIAL REVIEW

Revenue

During the period, the Group's revenue was derived from corporate finance advisory services and business consulting services.

The Group's revenue increased slightly by approximately HK\$0.1 million, or approximately 0.6% from approximately HK\$16.6 million for the six months ended 31 March 2017 to approximately HK\$16.7 million for the six months ended 31 March 2018 due to an increase in contribution from corporate finance advisory services against a fall in contribution from business consulting services.

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\$0.9 million, or approximately 5.4% from approximately HK\$16.7 million for the six months ended 31 March 2017 to approximately HK\$17.6 million for the six months ended 31 March 2018. Such increase was mainly attributable to increases in staff costs and related expenses by approximately HK\$1.2 million, or approximately 10.6% from approximately HK\$11.3 million for the six months ended 31 March 2017 to approximately HK\$12.5 million for the six months ended 31 March 2018.

(Loss)/profit for the period

As a result of foregoing, the Group recorded a loss of HK\$1.2 million for the six months ended 31 March 2018 as compared with loss of HK\$0.8 million for the six months ended 31 March 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 31 March 2018 (six months ended 31 March 2017: approximately HK\$10.8 million).

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 31 March 2018, as follows:

	Adjusted net proceeds	Amount utilised as at 31 March 2018	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	1.6	3.9
To expand our network internationally and across the PRC	12.1	1.6	10.5
General working capital	<u>2.0</u>	<u>2.0</u>	—
Total	<u><u>58.9</u></u>	<u><u>5.2</u></u>	<u><u>53.7</u></u>

As at 31 March 2018, unutilised proceeds of approximately HK\$53.7 million were placed on short-term interest bearing instrument with licensed banks in Hong Kong.

PROSPECTS

With implementation of the tax reform in the United States (“US”), the US economy is likely to gain strength, which should bode well for global economies. However, the global financial markets will continue to face challenges from the potential risks associated with global monetary easing policies, rising interest rate, and, in particular, the rising tensions in the US and the PRC trade relationship.

Despite the above, the business focus of the Group will continue and remain unchanged as before, namely, (i) to participate actively in placing and underwriting activities in primary and secondary market fund raising exercises; (ii) to enhance and strengthen our financial services business by maintaining and expanding our corporate finance team; and (iii) to expand our network internationally and across the PRC.

On 13 April 2018, the resolution approving the Company's conditional acquisition of Baron Canada was duly passed at the extraordinary general meeting of the Company. On 30 April 2018, completion of the Baron Canada acquisition took place.

With the New Board of the Stock Exchange for the listing of companies with weighted voting structure ("WVR") expected to be operational in the second quarter of 2018, the completion of the Baron Canada acquisition will provide the Group with potential opportunities from companies who are interested for a WVR listing in Hong Kong.

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

Long positions

(i) Interests in the shares of the Company:

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

Notes:

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

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

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

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

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 six months ended 31 March 2018.

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

As at 31 March 2018, the following parties (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares or underlying shares of the Company

Name of Shareholder	Nature of interests	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Approximate percentage of the issued share capital of the Company
Jayden Wealth 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 31 March 2018.

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 31 March 2018 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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 31 March 2018.

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 during the six months ended 31 March 2018 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 six months ended 31 March 2018 and up to date of this report.

COMPETING INTERESTS

As at 31 March 2018, 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 2018.

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.

During the six months ended 31 March 2018 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the period from 1 October 2017 to 31 March 2018.

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. Ho Lik Kwan Luke, 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 condensed consolidated results for the six months ended 31 March 2018 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. William Robert Majcher

Mr. Ho Lik Kwan Luke

By Order of the Board
VBG International Holdings Limited
Wan Ho Yan Letty
Chairperson

Hong Kong, 8 May 2018