



# **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*

## **First Quarterly Report 2018-19**

*\* For identification purpose only*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 a revenue of approximately HK\$11.2 million for the three months ended 31 December 2018, representing an increase of approximately HK\$4.6 million when compared with the revenue of approximately HK\$6.6 million for the three months ended 31 December 2017.
- The Group recorded a loss of approximately HK\$2.0 million for the three months ended 31 December 2018 compared with a loss of approximately HK\$1.7 million for the three months ended 31 December 2017. The loss for the three months ended 31 December 2018 was attributable to an increase in administrative expenses and other operating expenses by approximately HK\$5.1 million from approximately HK\$8.6 million for the three months ended 31 December 2017 to approximately HK\$13.7 million for the three months ended 31 December 2018.
- The basic and diluted loss per share for the three months ended 31 December 2018 was approximately HK0.39 cents and the basic and diluted loss per share for the three months ended 31 December 2017 was approximately HK0.33 cents.
- The Directors do not recommend the payment of any interim dividend for the three months ended 31 December 2018.

**UNAUDITED CONDENSED CONSOLIDATED RESULTS**

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

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

*For the three months ended 31 December 2018*

		<b>Three months ended 31 December</b>	
		<b>2018</b>	2017
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	3	11,166	6,562
Other income, net	4	563	428
Administrative expenses and other operating expenses		<u>(13,693)</u>	<u>(8,638)</u>
<b>Loss before income tax</b>	5	<b>(1,964)</b>	<b>(1,648)</b>
Income tax expense	6	<u>(51)</u>	<u>(37)</u>
<b>Loss for the period</b>		<b><u>(2,015)</u></b>	<b><u>(1,685)</u></b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on consolidation		<u>189</u>	<u>75</u>
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value change on financial assets designated at fair value through other comprehensive income (“FVOCI”)		<u>152</u>	<u>–</u>
<b>Other comprehensive income for the period</b>		<b><u>341</u></b>	<b><u>75</u></b>
<b>Total comprehensive loss attributable to ordinary equity holder of the Company for the period</b>		<b><u>(1,674)</u></b>	<b><u>(1,610)</u></b>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share attributable to ordinary equity holder of the Company</b>			
– Basic and diluted	7	<u>(0.39)</u>	<u>(0.33)</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the three months ended 31 December 2018*

	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i> <i>(note i)</i>	Capital reserve <i>HKS'000</i> <i>(note ii)</i>	Exchange reserve <i>HKS'000</i> <i>(note iii)</i>	Investment revaluation reserve <i>HKS'000</i> <i>(note iv)</i>	Retained profits <i>HKS'000</i>	Total <i>HKS'000</i>
At 1 October 2018 (audited)	<u>5,132</u>	<u>70,935</u>	<u>152</u>	<u>1,467</u>	<u>1,474</u>	<u>51,787</u>	<u>130,947</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,015)</u>	<u>(2,015)</u>
<b>Other comprehensive income for the period</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange difference on consolidation	<u>-</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>-</u>	<u>-</u>	<u>189</u>
<i>Items that will not be reclassified to profit or loss</i>							
Fair value change on financial assets designated at FVOCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152</u>	<u>-</u>	<u>152</u>
Fair value change on financial assets designated at FVOCI reclassified to retained profits upon disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>(7)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159</u>	<u>(7)</u>	<u>152</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>159</u>	<u>(7)</u>	<u>341</u>
<b>Total comprehensive income (loss) for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>159</u>	<u>(2,022)</u>	<u>(1,674)</u>
At 31 December 2018 (unaudited)	<u>5,132</u>	<u>70,935</u>	<u>152</u>	<u>1,656</u>	<u>1,633</u>	<u>49,765</u>	<u>129,273</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the three months ended 31 December 2017

	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 HK\$'000 (note iv)	Retained profits HK\$'000	Total HK\$'000
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>(1,685)</u>	<u>(1,685)</u>
<b>Other comprehensive income for the period</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange difference on consolidation	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
<b>Total comprehensive income (loss) for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>(1,685)</u>	<u>(1,610)</u>
At 31 December 2017 (unaudited)	<u>5,132</u>	<u>70,935</u>	<u>152</u>	<u>1,467</u>	<u>-</u>	<u>36,256</u>	<u>113,942</u>

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 shareholder provided that the Company is able to pay its debt as they fall due in the ordinary course of business (unless otherwise defined herein, capitalised terms used in this report shall have the same meanings as those defined in the prospectus of the Company dated 15 May 2017, the "Prospectus").
- (ii) Capital reserve of the Group represents the capital contribution from the controlling party of certain subsidiaries now comprising the Group before completion of Reorganisation.
- (iii) Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (iv) Investment revaluation reserve of the Group represents the accumulative net change in fair value of available-for-sale investments held for the three months ended 31 December 2017.

For the three months ended 31 December 2018, investment revaluation reserve of the Group represents the accumulative net change in fair value of financial assets designated at FVOCI since the adoption of HKFRS 9 on 1 October 2018. Please refer to section headed "Basis of Preparation and Accounting Policies" for more details.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 December 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 registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in 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 (the “**BVI**”) and is ultimately controlled by Ms. Wan Ho Yan Letty, the controlling shareholder, an executive Director and the chairperson of the Company.

The condensed consolidated financial statements of the Group for the three months ended 31 December 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 14 February 2019.

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

## 2. 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 report for the year ended 30 September 2018 (the “**2017/18 Annual Report**”) which have been prepared in accordance with HKFRSs issued by the HKICPA. The Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2017/18 Annual Report 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 2018. 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 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 financial assets designated at FVOCI 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**

	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<i><b>(Unaudited)</b></i>	<i>(Unaudited)</i>
Corporate finance advisory services	<b>8,405</b>	6,412
Placing and underwriting services	<b>1,501</b>	–
Business consulting services	<b>1,260</b>	150
	<u><b>11,166</b></u>	<u>6,562</u>

**4. OTHER INCOME, NET**

	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<i><b>(Unaudited)</b></i>	<i>(Unaudited)</i>
Dividend income from investments	–	559
Net unrealised loss on financial assets at fair value through profit or loss	–	(142)
Interest income	<b>283</b>	11
Reversal of provision for allowance on doubtful debts	<b>240</b>	–
Others	<b>40</b>	–
	<u><b>563</b></u>	<u>428</u>

**5. LOSS BEFORE INCOME TAX**

Loss before income tax has been arrived at after charging:

	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Staff costs:		
Salaries and allowances	7,925	6,001
Contributions to defined contribution plans	<u>167</u>	<u>139</u>
Total staff costs (including directors' remuneration)	<u>8,092</u>	<u>6,140</u>
Auditor's remuneration	81	69
Depreciation of plant and equipment	160	76
Exchange loss	5	6
Professional fees	1,555	430
Operating lease payments on premises	<u>2,808</u>	<u>1,238</u>

**6. INCOME TAX 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.

The Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 27% during the three months ended 31 December 2018.

	<b>Three months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Current tax</b>		
Hong Kong Profits Tax	99	37
Canada Corporate Income Tax	<u>(48)</u>	<u>–</u>
	<u>51</u>	<u>37</u>

**7. LOSS PER SHARE**

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

	<b>Three months ended 31 December</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Loss</b>		
Loss for the period for the purpose of basic loss per share	<u>(2,015)</u>	<u>(1,685)</u>

	<b>Three months ended 31 December</b>	
	<b>2018</b>	2017
	<i>'000</i>	<i>'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>513,200</u>	<u>513,200</u>

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

**8. DIVIDENDS**

The Board did not declare the payment of an interim dividend for the three months ended 31 December 2018 and 2017.

The final dividend of HK\$0.02 per ordinary share of the Company for the year ended 30 September 2018 was approved at the annual general meeting of the Company held on 25 January 2019 and will be posted on Friday, 15 February 2019 by ordinary mail.

## 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 and stock exchanges in North America mainly in Hong Kong, the PRC, Asia, Europe and North America. The Group's corporate finance advisory services include advising on transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules or the 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, advising on financial reporting, corporate management, internal control and corporate governance, and advising on mergers and acquisitions.

Corporate finance advisory business continues to be the core business of the Group. During the period, the corporate finance advisory business has generated the bulk of the Group's revenues.

## **FINANCIAL REVIEW**

### ***Revenue***

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

The Group's revenue increased by approximately HK\$4.6 million (or approximately 69.7%) from approximately HK\$6.6 million for the three months ended 31 December 2017 to approximately HK\$11.2 million for the three months ended 31 December 2018. Such increase was mainly attributable to an increase in revenue contributions of approximately HK\$2.0 million, HK\$1.5 million and HK\$1.1 million from corporate finance advisory services, placing and underwriting services and business consulting services, respectively.

### ***Other income***

The Group's other income was mainly derived from bank interest income, dividend income from investments and reversal of provision for allowance on doubtful debts.

The Group's other income increased from a gain of approximately HK\$428,000 for the three months ended 31 December 2017 to a gain of approximately HK\$563,000 for the three months ended 31 December 2018. Such increase was mainly attributable to the net effect of an increase in bank interest income by approximately HK\$272,000, a reversal of provision for allowance on doubtful debts of approximately HK\$240,000 and a decrease in net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$142,000, against a decrease in dividend income from investments by approximately HK\$559,000.

***Administrative expenses and other operating expenses***

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

The Group's administrative expenses and other operating expenses increased by approximately HK\$5.1 million, or approximately 59.3% from approximately HK\$8.6 million for the three months ended 31 December 2017 to approximately HK\$13.7 million for the three months ended 31 December 2018. Such increase was mainly attributable to (i) an increase in staff costs of approximately HK\$2.0 million as a result of an expansion in headcount; (ii) an increase in rental expenses of approximately HK\$1.6 million mainly due to rental increment upon renewal of the Hong Kong office tenancy and more spaces being occupied through acquisition of Baron Global Financial Canada Ltd.; and (iii) an increase in professional fees of approximately HK\$1.2 million mainly related to proposed transfer of listing with more details in section headed "Prospects".

***Loss for the period***

As a result of foregoing, the Group recorded a loss of approximately HK\$2.0 million for the three months ended 31 December 2018 as compared with a loss of approximately HK\$1.7 million for the three months ended 31 December 2017.

**USE OF PROCEEDS**

The net proceeds raised by the Company from the Share Offer were approximately HK\$58.9 million (based on the final Offer Price of HK\$0.68 per Offer Share, being the low-end of the price range stated in the Prospectus) 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 utilised, as at 31 December 2018, as follows:

	Adjusted net proceeds <i>HK\$ million</i>	Amount utilised as at 31 December 2018 <i>HK\$ million</i>	Balance <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	4.7	0.8
To expand our network internationally and across the PRC	12.1	3.1	9.0
General working capital	2.0	2.0	–
	<u>58.9</u>	<u>9.8</u>	<u>49.1</u>
Total	<u>58.9</u>	<u>9.8</u>	<u>49.1</u>

As at 31 December 2018, unutilised proceeds of approximately HK\$49.1 million were placed on short-term interest bearing instrument with licensed banks in Hong Kong.

The Group did not apply the adjusted net proceeds as per the planned time frame with reference to the disclosure in the Prospectus since (a) shrinking in number and size of the placing and underwriting transactions under a pessimistic sentiment about the stock market; and (b) slowdown in cross-border M&A activities arising from the Sino-US trade war and stringent foreign exchange control in the PRC, therefore the Group adopted a conservative and flexible approach by placing idle funds on short-term time deposits with licensed banks in Hong Kong.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

There was no material acquisition or disposal of subsidiaries during the three months ended 31 December 2018.

## **PROSPECTS**

In this financial year, the Group will continue to focus on exploring opportunities to expand our corporate finance advisory business. The Group will also continue to actively participate in placing and underwriting activities in primary and secondary market fund raising exercises; and to expand our network internationally and across the PRC.

The Company is in the process of considering a proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange. The Company will issue further announcement(s) to keep the shareholders of the Company and potential investors informed of the proposed transfer as and when required under the GEM Listing Rules.

## **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 December 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 December 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, 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 three months ended 31 December 2018.

## SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 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	Approximate	
				Total number of shares and underlying shares held	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 December 2018, 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 31 December 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 December 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 three months ended 31 December 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 three months ended 31 December 2018 and up to the date of this report.

### **COMPETING INTERESTS**

As at 31 December 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 three months ended 31 December 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 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 Rules 17.22 and 17.24 of the GEM Listing Rules.

During the three months ended 31 December 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.

## 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 first quarterly results for the three months ended 31 December 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, 14 February 2019

*This report will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at [www.vbg-group.com](http://www.vbg-group.com).*