



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

2019-20

** 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\$5.0 million for the three months ended 31 December 2019, representing a decrease of approximately HK\$6.2 million when compared with the revenue of approximately HK\$11.2 million for the three months ended 31 December 2018.
- The Group recorded a loss of approximately HK\$7.8 million for the three months ended 31 December 2019 compared with a loss of approximately HK\$2.0 million for the three months ended 31 December 2018. The loss for the three months ended 31 December 2019 was attributable to a decrease in revenue contributions of approximately HK\$4.4 million, HK\$1.5 million and HK\$0.3 million from corporate finance advisory services, placing and underwriting services and business consulting services as compared to the three months ended 31 December 2018 respectively.
- The basic and diluted loss per share for the three months ended 31 December 2019 was approximately HK1.53 cents and the basic and diluted loss per share for the three months ended 31 December 2018 was approximately HK0.39 cents.
- The Directors do not recommend the payment of any interim dividend for the three months ended 31 December 2019.

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 2019, together with the comparative unaudited figures for the three months ended 31 December 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 December 2019

		Three months ended	
		31 December	
	<i>Note</i>	2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	4,977	11,166
Other income, net	4	397	563
Administrative expenses and other operating expenses		<u>(13,201)</u>	<u>(13,693)</u>
Loss before income tax	5	(7,827)	(1,964)
Income tax expense	6	<u>–</u>	<u>(51)</u>
Loss for the period		<u>(7,827)</u>	<u>(2,015)</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on consolidation		–	189
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on financial assets designated at fair value through other comprehensive income (“FVOCI”)		<u>(544)</u>	<u>152</u>
Other comprehensive (loss) income for the period		<u>(544)</u>	<u>341</u>
Total comprehensive loss attributable to ordinary equity holder of the Company for the period		<u>(8,371)</u>	<u>(1,674)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to ordinary equity holder of the Company			
– Basic and diluted	7	<u>(1.53)</u>	<u>(0.39)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 December 2019

	Reserves							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 <i>(note i)</i>	Capital reserve HK\$'000 <i>(note ii)</i>	Exchange reserve HK\$'000 <i>(note iii)</i>	Investment revaluation reserve (non- recycling) HK\$'000 <i>(note v)</i>	Retained earnings/ (Accumulated losses) HK\$'000	Total reserves HK\$'000	
At 1 October 2019 (audited)	5,132	70,935	152	1,656	(3,141)	12,537	82,139	87,271
Loss for the period	-	-	-	-	-	(7,827)	(7,827)	(7,827)
Other comprehensive loss for the period								
<i>Items that will not be reclassified to profit or loss</i>								
Fair value change on financial assets designated at FVOCI	-	-	-	-	(544)	-	(544)	(544)
Total comprehensive loss for the period	-	-	-	-	(544)	(7,827)	(8,371)	(8,371)
At 31 December 2019 (unaudited)	5,132	70,935	152	1,656	(3,685)	4,710	73,768	78,900

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the three months ended 31 December 2018*

	Reserves								Total HK\$'000
	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 (recycling) HK\$'000 (note iv)	Investment revaluation reserve (non- recycling) HK\$'000 (note v)	Retained earnings ¹ (Accumulated losses) HK\$'000	Total reserves HK\$'000	
At 1 October 2018 (audited)	5,132	70,935	152	1,467	1,474	-	51,787	125,815	130,947
Impact on initial application of HKFRS 9	-	-	-	-	(1,474)	1,474	-	-	-
As restated	5,132	70,935	152	1,467	-	1,474	51,787	125,815	130,947
Loss for the period	-	-	-	-	-	-	(2,015)	(2,015)	(2,015)
Other comprehensive income for the period									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on consolidation	-	-	-	189	-	-	-	189	189
<i>Items that will not be reclassified to profit or loss</i>									
Fair value change on financial assets designated at FVOCI	-	-	-	-	-	152	-	152	152
Fair value change on financial assets designated at FVOCI reclassified to retained earnings upon disposal	-	-	-	-	-	7	(7)	-	-
	-	-	-	-	-	159	(7)	152	152
	-	-	-	189	-	159	(7)	341	341
Total comprehensive income (loss) for the period	-	-	-	189	-	159	(2,022)	(1,674)	(1,674)
At 31 December 2018 (unaudited)	5,132	70,935	152	1,656	-	1,633	49,765	124,141	129,273

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

For the three months ended 31 December 2019

Notes:

- (i) Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debt as they fall due in the ordinary course of business.
- (ii) Capital reserve of the Group represents the capital contribution from the controlling shareholder of certain subsidiaries now comprising the Group before completion of the Group reorganization to rationalise the Group structure for the listing of shares of the Company on GEM of the Stock Exchange.
- (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 (recycling) comprises the accumulated net change in the fair value of financial assets classified as measured at amortised cost and debt instrument measurement at FVOCI, if any, at the end of the reporting period and is dealt with in accordance with the accounting policies adopted. The reserve as at 31 December 2018 comprises the accumulated gains and losses arising on the revaluation of available-for sale investments measured at fair value that have been recognised in other comprehensive income, net of the amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired, in accordance with HKAS 39.
- (v) Investment revaluation reserve (non-recycling) comprises the accumulated net change in the fair value on financial assets designated at fair value through other comprehensive income that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offering on 26 May 2017 (the “**Listing**”). The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in 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 2019 (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 7 February 2020.

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**”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

The 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 of the Company for the year ended 30 September 2019 (the “**2018/19 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 2018/19 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 2019. The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

Basis of measurement

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for the financial assets designated at FVOCI and financial assets at 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 2018/19 Annual Report.

3. REVENUE

	Three months ended	
	31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Corporate finance advisory services	4,014	8,405
Placing and underwriting services	–	1,501
Business consulting services	963	1,260
	<u>4,977</u>	<u>11,166</u>

4. OTHER INCOME, NET

	Three months ended	
	31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Exchange gain	66	–
Interest income	89	283
Reversal of provision for allowance on doubtful debts	–	240
Others	242	40
	<u>397</u>	<u>563</u>

5. LOSS BEFORE INCOME TAX

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

	Three months ended	
	31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Staff costs:		
Salaries and allowances	6,447	7,925
Contributions to defined contribution plans	125	167
	<hr/>	<hr/>
Total staff costs (including directors' remuneration)	6,572	8,092
	<hr/>	<hr/>
Auditor's remuneration	85	81
Depreciation of plant and equipment	120	160
Depreciation of right-of-use assets	1,612	–
Exchange (gain) loss, net	(66)	5
Professional fees	1,564	1,555
Operating lease payments on premises	612	2,808
	<hr/> <hr/>	<hr/> <hr/>

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 each of the periods.

	Three months ended	
	31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	–	99
Canada Corporate Income Tax	–	(48)
	<u>–</u>	<u>(48)</u>
	<u>–</u>	<u>51</u>

7. LOSS PER SHARE

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

	Three months ended	
	31 December	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period for the purpose of basic loss per share	<u>(7,827)</u>	<u>(2,015)</u>

	Three months ended	
	31 December	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
Shares		
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 2019 and 2018, 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 2019 (2018: nil).

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 exchanges 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 revenue.

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 decreased by approximately HK\$6.2 million (or approximately 55.4%) from approximately HK\$11.2 million for the three months ended 31 December 2018 to approximately HK\$5.0 million for the three months ended 31 December 2019. Such decrease was mainly attributable to a decrease in revenue contributions of approximately HK\$4.4 million, HK\$1.5 million and HK\$0.3 million from corporate finance advisory services, placing and underwriting services and business consulting services, respectively.

Administrative expenses and other operating expenses

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

The Group's administrative expenses and other operating expenses decreased slightly by approximately HK\$0.5 million, or approximately 3.6% from approximately HK\$13.7 million for the three months ended 31 December 2018 to approximately HK\$13.2 million for the three months ended 31 December 2019.

Loss for the period

As a result of foregoing, the Group recorded a loss of approximately HK\$7.8 million for the three months ended 31 December 2019 as compared with a loss of approximately HK\$2.0 million for the three months ended 31 December 2018.

USE OF PROCEEDS

The net proceeds (the “**Net Proceeds**”) raised by the Company from the Share Offer were approximately HK\$58.9 million (based on the final Offer Price of HK\$0.68 per Offer Share, being the low-end of the price range stated in the Prospectus). The Group adjusted the use of Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

As stated in the Company’s announcement dated 13 September 2019, the Board resolved to change the use of HK\$5.0 million out of the remaining balance of the unutilised Net Proceeds to develop asset management business. Breakdown of the adjusted Net Proceeds, the breakdown of the amount of utilised Net Proceeds and the remaining balance as at 31 December 2019 are summarised as follows:

	Adjusted Net Proceeds	Amount utilised as at 31 December 2019	Balance
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
To expand the Group’s placing and underwriting business	34.3	14.3	20.0
To enhance and strengthen the Group’s financial advisory business by maintaining and expanding its corporate finance team	5.5	5.5	–
To develop asset management business	5.0	0.5	4.5
To expand the Group’s network internationally and across the PRC	12.1	10.7	1.4
General working capital	2.0	2.0	–
	<u>58.9</u>	<u>33.0</u>	<u>25.9</u>

As at 31 December 2019, unutilised Net Proceeds of approximately HK\$5.6 million were deposited in licensed banks in Hong Kong and unutilised Net Proceeds of approximately HK\$20.3 million were placed on short-term interest bearing instrument with licensed banks in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisitions and disposal of subsidiaries during the three months ended 31 December 2019.

OUTLOOK AND PROSPECTS

The Group expects the business environment in 2020 will remain challenging. Despite such uncertainty, the Group is confident that the completion of its acquisition of Wealth Link Securities Limited and its diversification into asset management business will be beneficial to the Group.

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 2019, 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	352,820,000 (L)	68.75%

Notes:

- (1) These 352,820,000 shares are held by Jayden Wealth Limited ("Jayden Wealth"), a company incorporated in the British Virgin Islands and wholly owned by Ms. Wan Ho Yan Letty ("Ms. Letty Wan"). Therefore, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth for the purpose of the SFO.
- (2) The letter "L" denotes as long positions in the shares of the Company.

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

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

Save as disclosed above, as at 31 December 2019, 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 2019.

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

As at 31 December 2019, the following parties (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares or underlying shares of the Company

Name of shareholder	Nature of interests	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Approximate percentage of the issued share capital of the Company
Jayden Wealth	Beneficial owner	352,820,000	–	352,820,000	68.75%

Note:

Jayden Wealth is wholly owned by Ms. Letty Wan. Under the SFO, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth.

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 2019 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 2019.

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 2019 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 2019 and up to the date of this report.

COMPETING INTERESTS

As at 31 December 2019, 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 2019.

COMPLIANCE ADVISER’S INTEREST

Dakin Capital Limited (“**Dakin Capital**”) acted as the compliance adviser of the Company until 23 December 2019 under the compliance adviser agreement dated 11 May 2017 entered into between the Company and Dakin Capital. 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 during the three months ended 31 December 2019.

Upon completion of the engagement of Dakin Capital as the compliance adviser of the Company in compliance with Rule 6A.19 of the GEM Listing Rules, the Company no longer has an external compliance adviser under 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 2019 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 condensed consolidated financial statements of the Group for the three months ended 31 December 2019 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
Hui Ringo Wing Kun
Executive Director

Hong Kong, 7 February 2020

This report will remain on the GEM website at 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.