



VBG International Holdings Limited
建泉國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8365

Third Quarterly Report
2020-21

** For identification purpose only*

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

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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\$31.2 million for the nine months ended 30 June 2021, representing a decrease of approximately 15.7% when compared with a revenue of approximately HK\$37.0 million for the nine months ended 30 June 2020.
- The Group recorded a loss of approximately HK\$10.6 million for the nine months ended 30 June 2021 compared with a loss of approximately HK\$15.1 million for the nine months ended 30 June 2020. The decrease in loss for the nine months ended 30 June 2021 was mainly attributable to the combined effect of (i) a decrease in revenue of approximately HK\$5.8 million; (ii) a decrease in other income of approximately HK\$0.6 million; and (iii) a decrease in administrative expenses and other operating expenses of approximately HK\$10.9 million as compared to the nine months ended 30 June 2020.
- The basic and diluted loss per share for the nine months ended 30 June 2021 was approximately HK2.05 cents and the basic and diluted loss per share for the nine months ended 30 June 2020 was approximately HK2.95 cents.
- The board of Directors (the “**Board**”) did not recommend the payment of any interim dividend for the nine months ended 30 June 2021 (2020: nil).

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 June 2021, together with the unaudited comparative figures for the three months and nine months ended 30 June 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 June 2021

	Notes	Three months ended 30 June		Nine months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	6,506	7,988	31,202	36,987
Other (loss) income, net	4	(396)	1,865	1,947	2,455
Administrative expenses and other operating expenses		(9,975)	(14,784)	(43,010)	(53,857)
Finance costs	5	(134)	(265)	(610)	(685)
Loss before income tax	6	(3,999)	(5,196)	(10,471)	(15,100)
Income tax expense	7	(13)	(40)	(81)	(40)
Loss for the period		(4,012)	(5,236)	(10,552)	(15,140)
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Fair value gain (loss) on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")		109	471	755	(840)
Other comprehensive income (loss) for the period		109	471	755	(840)
Total comprehensive loss for the period		(3,903)	(4,765)	(9,797)	(15,980)
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share					
Basic and diluted	8	(0.78)	(1.02)	(2.05)	(2.95)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 June 2020

	Reserves							Total reserves HK\$'000	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 (non- recycling) HK\$'000 (Note iv)	Retained earnings/ (Accumulated losses) HK\$'000	Total reserves HK\$'000		
At 1 October 2019 (audited)	<u>5,132</u>	<u>70,935</u>	<u>152</u>	<u>1,656</u>	<u>(3,141)</u>	<u>12,537</u>	<u>82,139</u>	<u>87,271</u>	
Loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(15,140)</u>	<u>(15,140)</u>	<u>(15,140)</u>	
Other comprehensive income (loss) for the period									
<i>Items that will not be reclassified to profit or loss</i>									
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>45</u>	<u>(45)</u>	<u>—</u>	<u>—</u>	
Fair value loss on Designated FVOCI	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(840)</u>	<u>—</u>	<u>(840)</u>	<u>(840)</u>	
Total other comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(795)</u>	<u>(45)</u>	<u>(840)</u>	<u>(840)</u>	
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(795)</u>	<u>(15,185)</u>	<u>(15,980)</u>	<u>(15,980)</u>	
At 30 June 2020 (unaudited)	<u><u>5,132</u></u>	<u><u>70,935</u></u>	<u><u>152</u></u>	<u><u>1,656</u></u>	<u><u>(3,936)</u></u>	<u><u>(2,648)</u></u>	<u><u>66,159</u></u>	<u><u>71,291</u></u>	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine months ended 30 June 2021

	Reserves							Total reserves HK\$'000	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 (non- recycling) HK\$'000 (Note iv)	Retained earnings/ (Accumulated losses) HK\$'000	Total reserves HK\$'000		
At 1 October 2020 (audited)	5,132	70,935	152	1,656	(3,002)	(22,647)	47,094	52,226	
Loss for the period	—	—	—	—	—	(10,552)	(10,552)	(10,552)	
Other comprehensive income (loss) for the period									
<i>Items that will not be reclassified to profit or loss</i>									
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	—	—	—	—	(256)	256	—	—	
Fair value gain on Designated FVOCI	—	—	—	—	755	—	755	755	
Total other comprehensive income for the period	—	—	—	—	499	256	755	755	
Total comprehensive income (loss) for the period	—	—	—	—	499	(10,296)	(9,797)	(9,797)	
Subscription of new shares (Note v)	330	4,620	—	—	—	—	4,620	4,950	
At 30 June 2021 (unaudited)	5,462	75,555	152	1,656	(2,503)	(32,943)	41,917	47,379	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(CONTINUED)

For the nine months ended 30 June 2021

Notes:

- (i) Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debt as they fall due in the ordinary course of business.
- (ii) Capital reserve represents the capital contribution from the controlling party of certain subsidiaries now comprising the Group before completion of the Group reorganisation to rationalise the Group structure for listing of the shares of the Company on GEM of the Stock Exchange.
- (iii) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (iv) Investment revaluation reserve (non-recycling) comprises the accumulative net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.
- (v) On 28 June 2021, 33,000,000 shares of the Company were issued and allotted at a subscription price of HK\$0.15 per share pursuant to a subscription agreement entered into by the Company on 15 June 2021 (the "**Subscription**"). Details of the Subscription have been disclosed in the Company's announcement dated 15 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 30 June 2021

1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of corporate finance advisory services, placing and underwriting services, business consultancy services, asset management services and securities brokerage and margin financing.

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 and nine months ended 30 June 2021 (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 6 August 2021.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual financial statements of the Group for the year ended 30 September 2020 (the “2019/20 Annual Report”), except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

3. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of the Group’s revenue for each of the periods is as follows:

	Three months ended		Nine months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers				
Corporate finance advisory services	4,527	4,253	13,932	14,765
Placing and underwriting services	130	2,520	10,488	19,009
Business consulting services	1,564	1,059	5,669	3,057
Asset management services	22	—	67	—
Brokerage commission	163	125	848	125
Clearing, settlement and handling fee income	28	13	43	13
	<u>6,434</u>	<u>7,970</u>	<u>31,047</u>	<u>36,969</u>
Interest revenue calculated using the effective interest method				
Interest income from cash and margin clients	72	18	155	18
	<u>6,506</u>	<u>7,988</u>	<u>31,202</u>	<u>36,987</u>

Segment information

The Group is currently organised into three operating divisions, namely corporate finance, asset management and brokerage and margin financing (2020: a single reportable segment, i.e. corporate finance). These divisions are the basis on which the executive Directors and senior management of the Company, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these operating segments are as follows:

Corporate finance	—	Provision of advisory and consultancy, placing and underwriting and business consulting services
Asset management	—	Provision of asset management services
Brokerage and margin financing	—	Provision of brokerage services in securities and margin financing services

For the nine months ended 30 June 2020, the Group operated in one single operating segment which was corporate finance. Other than Group wide information, no further analysis of comparative figures for the nine months ended 30 June 2021 is presented.

Segment revenue and results for the nine months ended 30 June 2021 are presented below:

	Corporate finance <i>HK\$'000</i> (Unaudited)	Asset management <i>HK\$'000</i> (Unaudited)	Brokerage and margin financing <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	30,089	67	1,046	31,202
Segment loss	<u>(605)</u>	<u>(1,115)</u>	<u>(3,745)</u>	<u>(5,465)</u>

4. OTHER (LOSS) INCOME, NET

	Three months ended		Nine months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government subsidies <i>(Note)</i>	65	1,162	1,327	1,162
Net unrealised loss on financial assets at fair value through profit or loss	—	134	—	134
Interest income	2	38	12	184
Recovery of bad debts	—	619	600	968
Refund of legal and professional fee	—	—	133	—
Loss on disposal of fixed assets	(477)	(173)	(477)	(231)
Others	14	85	352	238
	<u>(396)</u>	<u>1,865</u>	<u>1,947</u>	<u>2,455</u>

Note:

During the nine months ended 30 June 2021, the Group recognised government subsidies of approximately HK\$1,327,000 (2020: HK\$1,162,000) in respect of COVID-19 related subsidy schemes with details below:

Name of scheme	Location	HK\$'000
Employment Support Scheme	Hong Kong	1,022
Financial Industry Recruitment Scheme for Tomorrow	Hong Kong	20
Canada Emergency Wage Subsidy	Canada	210
Canada Emergency Rent Subsidy	Canada	75
		<u>1,327</u>

5. FINANCE COSTS

	Three months ended 30 June		Nine months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expenses on loan payables	12	22	190	22
Interest expenses on lease liabilities	122	243	420	663
	134	265	610	685

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Three months ended 30 June		Nine months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Staff costs (including directors' remuneration):				
Salaries and allowances	4,348	8,955	17,727	24,175
Contributions to defined contribution plans	93	136	349	388
Total staff costs	4,441	9,091	18,076	24,563
Auditor's remuneration	188	363	563	533
Depreciation				
— Plant and equipment	243	328	795	749
— Right-of-use assets	838	1,670	4,252	5,068
Exchange loss, net	—	46	—	58
Professional fees	1,224	41	8,314	3,930
Provision for allowance on doubtful debt	—	1,338	—	1,338
Underwriting and related expenses	—	12,300	5,885	12,300

7. INCOME TAX EXPENSE

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

For the nine months ended 30 June 2021 and 2020, only one entity in the Group is subject to the two-tiered Hong Kong profits tax rates while the remaining entities in the Group will continue to be taxed at the rate of 16.5%. No Hong Kong Profits Tax has been provided for the nine months ended 30 June 2021 as the Group did not have any assessable profits during the period.

For the nine months ended 30 June 2021 and 2020, no Enterprise Income Tax has been provided for the Group's entity established in the PRC as the entity incurred a loss for taxation purpose.

For the nine months ended 30 June 2021, the Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 28%. For the nine months ended 30 June 2020, no Corporate Income Tax of Canada has been provided as the entity incurred a loss for taxation purpose.

	Three months ended		Nine months ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
Hong Kong Profits Tax	—	40	—	40
Canada Corporate Income Tax	<u>13</u>	<u>—</u>	<u>81</u>	<u>—</u>
	<u>13</u>	<u>40</u>	<u>81</u>	<u>40</u>

8. LOSS PER SHARE

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

Three months ended 30 June		Nine months ended 30 June	
2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Loss

Loss for the period for the purpose
of basic loss per share

(4,012)	(5,236)	(10,552)	(15,140)
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Three months ended 30 June		Nine months ended 30 June	
2021	2020	2021	2020
<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Shares

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

514,288	513,200	513,563	513,200
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Diluted loss per share is not presented as there were no dilutive potential ordinary shares outstanding during each of the three months and nine months ended 30 June 2021 and 2020.

9. DIVIDENDS

The Board did not recommend the payment of any interim dividend for the nine months ended 30 June 2021 (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) corporate finance advisory services; (ii) placing and underwriting services; (iii) securities brokerage and margin financing; (iv) asset management services; and (v) business consulting services.

Corporate finance advisory

The Group's corporate finance advisory business is operated by its wholly-owned subsidiary VBG Capital Limited ("**VBG Capital**"), a licensed corporation under the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. The Group's corporate finance advisory services include (i) acting as sponsor in IPO exercises, advising companies on compliance requirements and acting as compliance adviser to listed companies post-IPO; (ii) acting as financial adviser in transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs; and (iii) acting as independent financial adviser to the independent board committees and independent shareholders of listed companies.

Placing and underwriting

Through VBG Capital, the Group acts as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fund-raising exercises of listed companies.

Securities brokerage and margin financing

The Group expanded its business to securities brokerage and margin financing by acquiring a 100% equity interest in Wealth Link Securities Limited ("**Wealth Link Securities**"), a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in 2019. The acquisition was completed on 1 April 2020, and Wealth Link Securities has become a direct wholly-owned subsidiary of the Company since then. Details of the acquisition were set out in the Company's announcement dated 11 June 2019 and the circular dated 23 September 2019. Through Wealth Link Securities, the Group provides securities brokerage and margin financing.

Asset management

The Group established asset management business under VBG Asset Management Limited, a licensed corporation under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities in 2019. The Group's asset management services include providing advisory services for equity securities, fixed income securities, real estate securities, mutual funds and discretionary portfolio management services for professional clients.

Business consulting

The Group's business consulting business is operated primarily by its wholly-owned subsidiary in Canada, Baron Global Financial Canada Ltd. The Group's business consulting business includes reviewing potential customers' business, capital structure and corporate strategic plans, advising on financial reporting, corporate management, internal control and corporate governance, and advising on mergers and acquisitions, to listed companies and private companies and potential listing applicants.

Corporate finance advisory business continues to be the core business of the Group. During the nine months ended 30 June 2021, the corporate finance advisory business accounted for approximately 44.7% of the Group's total revenue. The Group's other businesses, namely, (i) placing and underwriting services; (ii) securities brokerage and margin financing services; (iii) asset management services; and (iv) business consulting services, accounted for approximately 33.6%, 3.3%, 0.2% and 18.2% of its total revenue during the nine months ended 30 June 2021, respectively.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$5.8 million, or approximately 15.7% from approximately HK\$37.0 million for the nine months ended 30 June 2020 to approximately HK\$31.2 million for the nine months ended 30 June 2021. Such decrease was mainly attributable to a decrease in revenue contribution from placing and underwriting services by approximately HK\$8.5 million, or approximately 44.7%, from approximately HK\$19.0 million for the nine months ended 30 June 2020 to approximately HK\$10.5 million for the nine months ended 30 June 2021, as a result of a reduction in the size of placing and underwriting engagements handled by the Group in terms of transaction value. The Group's revenue contribution from corporate finance advisory services decreased slightly by approximately HK\$0.9 million, or approximately 6.1%, from approximately HK\$14.8 million for the nine months ended 30 June 2020 to approximately HK\$13.9 million for the nine months ended 30 June 2021.

Other income

The Group's other income mainly represented government subsidies in respect of COVID-19 related subsidy schemes and recovery of bad debts.

The Group's other income decreased from approximately HK\$2.5 million for the nine months ended 30 June 2020 to approximately HK\$1.9 million for the nine months ended 30 June 2021. Such decrease was mainly attributable to a decrease in bad debt recovered of approximately HK\$368,000 and an increase in loss on disposal of fixed assets of approximately HK\$246,000 during the nine months ended 30 June 2021.

Administrative expenses and other operating expenses

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

The Group's administrative expenses and other operating expenses decreased by approximately HK\$10.9 million, or approximately 20.2% from approximately HK\$53.9 million for the nine months ended 30 June 2020 to approximately HK\$43.0 million for the nine months ended 30 June 2021. Such decrease was mainly attributable to (i) a decrease in staff costs and related expenses of approximately HK\$6.5 million due to a reduction in headcount of the Group; and (ii) a decrease in underwriting and related expenses of approximately HK\$6.4 million due to a reduction in the size of placing and underwriting engagements in terms of transaction value handled by the Group during the nine months ended 30 June 2021.

Loss for the period

As a result of foregoing, the Group recorded a loss of approximately HK\$10.6 million for the nine months ended 30 June 2021 as compared with a loss of approximately HK\$15.1 million for the nine months ended 30 June 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

On 11 June 2021, the Company entered into an agreement for the acquisition of the entire issued shares of APEC GROUP INTERNATIONAL LIMITED. Completion of the acquisition does not take place as at the date of this report. Save and except such acquisition, the Group did not have any material acquisition and disposal of subsidiaries during the nine months ended 30 June 2021.

PROSPECTS

Despite the uncertainty when the COVID-19 pandemic might come to an end, the Group will actively seek business opportunities for its corporate finance advisory and placing and underwriting businesses.

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

As at 30 June 2021, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions

(i) Interests in the shares of the Company:

Name of Directors	Capacity/Nature	Number of shares interested	Approximate percentage of the issued share capital of the Company
Ms. Wan Ho Yan Letty	Interests of controlled corporation/ Beneficial owner	359,745,000 (L) (Note 1)	65.86%
Mr. Yeung Chun Yue David	Interests of controlled corporation	33,000,000 (L) (Note 2)	6.04%

Notes:

- (1) These 359,745,000 shares include 359,540,000 shares held by Jayden Wealth Limited (“**Jayden Wealth**”), a company incorporated in the BVI 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) These 33,000,000 shares are held by GREAT WIN GLOBAL LIMITED (“**Great Win**”), a company incorporated in the BVI and wholly owned by Mr. Yeung Chun Yue David (“**Mr. Yeung**”). Therefore, Mr. Yeung is deemed to be interested in all the shares held by Great Win for the purpose of the SFO.
- (3) The 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 30 June 2021, 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 nine months ended 30 June 2021.

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

As at 30 June 2021, 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 (Note 4)
Jayden Wealth	Beneficial owner	359,540,000	—	359,540,000 (Note 1)	65.83%
LUCK ACHIEVE DEVELOPMENTS LIMITED ("Luck Achieve")	Beneficial owner	50,000,000	150,000,000	200,000,000 (Note 2)	36.62%
Great Win	Beneficial owner	33,000,000	—	33,000,000 (Note 3)	6.04%

Notes:

- 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.
- Luck Achieve is a company incorporated in the BVI and is owned as to 60% by Mr. Li Chun Fung ("Mr. Li"), 20% by Mr. Li Man Keung Edwin and 20% by Mr. Li Man Chun. Under the SFO, Mr. Li is deemed to be interested in all the shares held by Luck Achieve. Reference is made to the announcement of the Company dated 11 June 2021. Luck Achieve is the holder of a convertible note which is convertible into a maximum of 150,000,000 shares of the Company (the "Convertible Note"). Therefore, Luck Achieve is deemed to be interested in 150,000,000 shares which may fall to be allotted and issued by the Company following the exercise of the conversion rights attached to the Convertible Note (assuming full conversion of the Convertible Note).

- (3) Great Win is wholly owned by Mr. Yeung. Under the SFO, Mr. Yeung is deemed to be interested in all the shares held by Great Win.
- (4) Based on 546,200,000 shares of the Company in issue as at 30 June 2021.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executives of the Company who held any interests or short positions in the shares and/or underlying shares of the Company as at 30 June 2021 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Scheme**”) by the resolutions in writing of the sole shareholder of the Company passed on 4 May 2017. Unless otherwise cancelled or amended, the Scheme will remain in force for a period of 10 years from the date of its adoption. No share option has been granted by the Company since the adoption of the Scheme and there was no share option outstanding as at 30 June 2021.

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 nine months ended 30 June 2021 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 nine months ended 30 June 2021 and up to date of this report.

COMPETING INTERESTS

As at 30 June 2021, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has or may have any other conflict of interests with the Group during the nine months ended 30 June 2021.

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 nine months ended 30 June 2021 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 results of the Group for the nine months ended 30 June 2021 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

Mr. Yeung Chun Yue David

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, 6 August 2021

This report will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” 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.