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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)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARES OF WEALTH LINK SECURITIES LIMITED

THE ACQUISITION

The Board is pleased to announce that on 11 June 2019 (after trading hours), the Purchaser, the Seller, and the Guarantor entered into the SP Agreement, pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, at a consideration of HK\$27,000,000 (subject to adjustment, if any), and the Guarantor has agreed to guarantee the performance of the obligations of the Seller under the SP Agreement.

GEM LISTING RULES IMPLICATIONS

The Acquisition is a notifiable transaction under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 25% but is/are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders including Jayden Wealth has any material interest in the Acquisition and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition and pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, a written shareholder's approval for the Acquisition has been obtained from Jayden Wealth, a Controlling Shareholder directly holding 352,820,000 Shares representing approximately 68.8% of the issued share capital of the Company as at the date of this announcement. As such, no general meeting will be convened for approving the Acquisition contemplated thereunder pursuant to Rule 19.44 of the GEM Listing Rules. On such basis, the Company will make an application for waiver, if granted, such written shareholder's approval will be accepted in lieu of holding a general meeting to approve the Acquisition contemplated thereunder pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information of the Group and the Target Company; (iii) the unaudited pro forma financial information of the Group as enlarged by the Acquisition; and (iv) valuation report (if any) on the Target Company is expected to be despatched on or before 3 July 2019.

Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the SP Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

(1) INTRODUCTION

The Board is pleased to announce that on 11 June 2019 (after trading hours), the Purchaser, the Seller, and the Guarantor entered into the SP Agreement, pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, at a consideration of HK\$27,000,000 (subject to adjustment, if any), and the Guarantor has agreed to guarantee the performance of the obligations of the Seller under the SP Agreement.

(2) THE ACQUISITION

The SP Agreement

Date: 11 June 2019 (after trading hours)

Parties: (i) the Seller: Cheung I Fai (張貽輝);
(ii) the Purchaser: VBG International Holdings Limited; and
(iii) the Guarantor: Cheung I Fai (張貽輝)

The Target Company is principally engaged in Type 1 regulated activity (dealing in securities) and Type 4 regulated activity (advising on securities) under the SFO. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of the Seller and the Guarantor and their respective associates are Independent Third Parties.

Assets to be acquired

Pursuant to the SP Agreement, the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company.

As at the date of this announcement, the Seller is the legal and beneficial owner of the entire issued share capital of the Target Company, and the Guarantor is the Seller.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser and the financial result, assets and liabilities of the Target Company will be consolidated into the accounts of the Group.

The Consideration

Subject to the adjustment under sub-section titled "**Adjustment to the Consideration**" below, the Consideration shall be paid in the following manner:-

- (a) a refundable deposit (the "**Deposit**") in the amount of HK\$10,000,000 shall be paid by the Purchaser to the Seller in cash within fourteen (14) Business Days of the date of signing of the SP Agreement; and
- (b) the balance of the Consideration, being HK\$17,000,000, shall be paid by the Purchaser to the Seller in cash on Completion.

Adjustment to the Consideration

If, the actual cash of the Target Company at Completion ("**Actual Cash**") as stated in the draft completion accounts of the Target Company shall be less than HK\$15 million, there shall be a dollar-for-dollar downward adjustment to the amount of the Consideration which shall be equal to the difference between HK\$15 million and the Actual Cash, payable by the Seller to the Purchaser within 7 Business Days of the date of Completion. If, the Actual Cash as stated in the draft completion accounts of the Target Company shall be equal to or greater than HK\$15 million, there shall be no adjustment to the amount of the Consideration whatsoever.

The Consideration will be funded by way of the proceeds raised from the GEM listing by the Company.

The Directors (excluding non-executive Directors) are of the view that Consideration was agreed after arm's length negotiations between the Seller and the Purchaser having taken into account of various relevant factors including, among other things, the Target Company's business, business prospects and market position as well as other factors set out in the section headed "Reasons for and benefits of the Acquisition" below, and the terms of the SP Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholder as a whole.

Conditions precedent

Completion is subject to the following conditions being satisfied (or waived, if applicable):

- (a) prior approval from the SFC on: (i) the Purchaser becoming a shareholder of the Target Company as a result of any or all the transactions contemplated in and under the SP Agreement; (ii) if necessary, the proposed changes to the business plan filed with the SFC in connection with the SFC's granting of the Licences as a result of the execution of the SP Agreement; and (iii) if necessary, the appointment of such person(s) nominated by the Purchaser as Responsible Person(s) of the Target Company, other than the existing Responsible Officer as at the date hereof, as a result of the execution of the SP Agreement;
- (b) the SFC having not suspended or withdrawn or revoked any of the Licences;
- (c) no investigation, inquiry or disciplinary action by any authority being initiated against the Target Company or its officers or accredited representatives;
- (d) the Seller having procured that Target Company having declared and paid dividends, in cash, in an aggregate amount of not more than HK\$31,000,000 out of the accrued distributable profits of the Target Company as at 31 May 2019 to the Seller prior to Completion;
- (e) the Purchaser is satisfied with the due diligence review on the Target Company;
- (f) the Seller having procured that (i) all of the Target Company's furniture and fixtures be written off from its accounts; (ii) all of the Target Company's accrued tax liabilities incurred and payable being paid and settled; and (iii) all amounts due from the Target Company's client(s) being repaid and settled, prior to Completion;
- (g) the ordinary resolution(s) for approving the SP Agreement and the transactions contemplated thereunder having been duly passed by the Shareholders;
- (h) no indication from the Stock Exchange having been received to the effect that the listing of shares of the Company will or may be withdrawn or objected to for any reason attributable to the transactions contemplated under the SP Agreement or the Completion; and
- (i) there having been no material breach of any of the representations, warranties and undertakings given by the Seller under the SP Agreement.

The Purchaser may waive any of the above conditions in (d), (e), (f) and (i) by giving notice in writing to the Seller.

The Seller and the Purchaser shall use (to the extent they are able) their respective best endeavours to procure the fulfilment of the above conditions on or before 1 December 2019 or such other date as the parties to the SP Agreement may agree in writing but in any event not later than the Long Stop Date. If any of the conditions precedent referred to above shall not have been fulfilled (or waived, where applicable) in all respects prior to the Long Stop Date, the SP Agreement shall be terminated automatically, and the Seller shall refund the Deposit to the Purchaser within fourteen (14) Business Days of the date of termination in full without interest.

Profit Guarantee

Pursuant to the SP Agreement, the Seller guarantees to the Purchaser that the net profit after tax of the Target Company for the period (the “**Period**”) commencing on the Completion Date and ending on the first anniversary of the Completion Date, both days inclusive, shall not be less than HK\$2,000,000 (the “**Guaranteed Net Profit**”).

If, the actual net profit after tax as stated in the Target Company’s management accounts for the Period shall be less than the Guaranteed Net Profit giving rise to a shortfall (“**Sum A**”), the Seller shall pay to the Purchaser a sum (“**Sum B**”) calculated in accordance with the following:

$$\text{Sum B} = \text{Sum A} \times 13.5$$

Sum B shall be paid and settled in cash within fourteen (14) Business Days of date of issuance of the Target Company’s management accounts.

If, the actual net profit after tax as stated in the Target Company’s management accounts for the Period shall be zero; the Target Company reported a loss; or the actual net profit after tax as stated in the Target Company’s management accounts for the Period shall be greater than the Guaranteed Net Profit, the profit guarantee referred to above shall not be applicable to the Seller.

(3) FINANCIAL INFORMATION OF THE TARGET COMPANY

Information on the Target Company

The Target Company is incorporated in Hong Kong with limited liability. The Target Company is principally engaged in Type 1 regulated activity (dealing in securities) and Type 4 regulated activity (advising on securities) under the SFO.

Financial information on the Target Company

Set out below is the financial information of the Target Company based on its financial statements:

	For the year ended 31 March 2019 (unaudited) Approximately HK\$'000	For the year ended 31 March 2018 (audited) Approximately HK\$'000
Net (loss)/profit before taxation	(3,229)	61,212
Net (loss)/profit after taxation	(3,229)	51,239

	As at 31 March 2019 (unaudited) Approximately HK\$'000	As at 31 March 2018 (audited) Approximately HK\$'000
Net asset	48,595	65,825

The net loss before and after taxation of the Target Company for the year ended 31 March 2019 was approximately HK\$3,229,000

The total assets and the net asset value of the Target Company as at 31 March 2019 were approximately HK\$97,755,000 and HK\$48,595,000, respectively.

(4) REASONS FOR AND BENEFITS OF THE ACQUISITION

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, to companies listed on the Stock Exchange, non-listed companies and potential listing applicants on the Stock Exchange mainly in Hong Kong, the PRC, Asia and Europe.

As disclosed in the section titled “FUTURE PLANS AND USE OF PROCEEDS” of the Prospectus, the Group intends to participate in more placing and underwriting transactions as well as offering placing and underwriting services to its sponsorship clients. For the two years ended 30 September 2018 and 30 September 2019, the Group had participated in engagements for placing and underwriting services. The Board considers that the transaction as contemplated under the SP

Agreement, if materializes, will complement the Group's business plan as it enables the Group to take advantage of the capabilities of the Target Company in the placing and underwriting of securities thereby enabling the Group to participate in more placing and underwriting transactions through the Target Company.

(5) GEM LISTING RULES IMPLICATIONS

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(6) WARNING

Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the SP Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

(7) DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Seller pursuant to the terms and conditions of the SP Agreement
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of the Directors
“Business Days”	a day (other than any Saturday or Sunday) on which banks are opened in Hong Kong to general public for business
“Company”	VBG International Holdings Limited (stock code: 8365), a company incorporated under the laws of the Cayman Islands and the shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the SP Agreement
“Completion Date”	a date falling within seven (7) Business Days after all the conditions precedent as specified by the SP Agreement have been fulfilled (or waived, where applicable) (or such later date as the parties to the SP Agreement may agree but in any event not later than the Long Stop Date)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of HK\$27,000,000 payable by the Purchaser to the Seller for the Acquisition pursuant to the SP Agreement
“Controlling Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Cheung I Fai (張貽輝)

“HK\$” or “Hong Kong Dollar”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Jayden Wealth”	Jayden Wealth Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder
“Licences”	the licences (either unconditionally or subject only to condition(s)) of the Target Company granted by the SFC to carry on a business of Type 1 regulated activity (dealing in securities) and Type 4 regulated activity (advising on securities) under the SFO
“Long Stop Date”	31 December 2019
“Prospectus”	the prospectus of the Company dated 15 May 2017 issued in connection with the listing of the shares of the Company on GEM
“Purchaser”	the Company
“PRC”	People’s Republic of China
“Responsible Officer”	has the meaning ascribed to it under the SFO
“Sale Shares”	17,000,000 ordinary shares, representing all the issued share(s) in the share capital of the Target Company as at the Completion Date
“Seller”	Cheung I Fai (張貽輝)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SP Agreement”	the agreement entered into on 11 June 2019 (after trading hours) amongst the Seller, the Purchaser, and the Guarantor in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”

Wealth Link Securities Limited 富滙證券有限公司, a company incorporated under the laws of Hong Kong with limited liability and the entire issued share capital of which is wholly and beneficially owned by the Seller

“%”

per cent.

By Order of the Board
VBG International Holdings Limited
Hui Ringo Wing Kun
Executive Director

Hong Kong, 11 June, 2019

As at the date of this announcement, the board of Directors comprises two executive Directors, namely, Ms. Wan Ho Yan Letty and Mr. Hui Ringo Wing Kun; one non-executive Director, namely, Mr. Wan Chuen Fai and three independent non-executive Directors, namely, Mr. Kam Cheuk Fai David, Mr. William Robert Majcher and Mr. Ho Lik Kwan Luke.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the Company’s website at www.vbg-group.com.

** for identification purpose only*