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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

*This announcement, 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 the 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 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.*

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the "**Group**") recorded revenue of approximately HK$63.3 million for the year ended 30 September 2017, representing an increase of approximately 10.3% when compared with approximately HK$57.4 million for the year ended 30 September 2016.

- The Group recorded a profit of approximately HK$16.0 million for the year ended 30 September 2017 compared with profit of approximately HK$14.9 million for the year ended 30 September 2016. The profit for the year ended 30 September 2017 was attributable to (i) an increase in the price of the total fee income for three active sponsorship engagements; and (ii) an increase in the total number of engagements for corporate finance advisory services from 42 during the year ended 30 September 2016 to 50 during the year ended 30 September 2017.

- The basic and diluted earnings per share for the year ended 30 September 2017 was approximately HK$3.72 cents and the basic and diluted earnings per share for the year ended 30 September 2016 was approximately HK$3.86 cents.

- The Directors declared and paid an interim dividend of approximately HK$10.8 million (2016: approximately HK$24.4 million) in aggregate prior to the successful listing of the Company's shares on the GEM of the Stock Exchange during the year. The Directors proposed to recommend the payment of a final dividend of HK$0.02 per share for the year ended 30 September 2017 (for the year ended 30 September 2016: nil).

ANNUAL RESULTS

The board of Directors (the "**Board**") announce the consolidated results of the Group for the year ended 30 September 2017, together with the comparative figures for the year ended 30 September 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**63,329**	57,377
Other income, net	*4*	**1,205**	153
Impairment loss on available-for-sale financial assets	*9*	**—**	(3,760)
Administrative expenses and other operating expenses		**(42,730)**	(33,188)
Profit before income tax	*5*	**21,804**	20,582
Income tax expense	*6*	**(5,824)**	(5,725)
Profit for the year		**15,980**	14,857
Other comprehensive income (loss):			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on available-for-sale financial assets	*9*	**1,200**	(3,760)
Impairment loss on available-for-sale financial assets	*9*	**—**	3,760
Reclassification adjustment upon disposal of available-for-sale financial assets	*9*	**(1,200)**	—
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year		**15,980**	14,857
		HK Cents	*HK Cents*
Earnings per share			
Basic and diluted	*7*	**3.72**	3.86

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Non-current assets			
Plant and equipment		**1,228**	1,245
Available-for-sale financial assets	*9*	**—**	2,640
Trade receivables	*11*	**—**	3,236
		1,228	7,121
Current assets			
Financial assets at fair value through profit or loss	*10*	**21,918**	176
Trade and other receivables and prepayments	*11*	**31,983**	26,866
Bank balances and cash		**73,881**	8,314
		127,782	35,356
Current liabilities			
Other payables		**2,687**	456
Income tax payables		**10,771**	7,688
		13,458	8,144
Net current assets		**114,324**	27,212
NET ASSETS		**115,552**	34,333
Capital and reserves			
Share capital	*12*	**5,132**	—
Reserves	*13*	**110,420**	34,333
TOTAL EQUITY		**115,552**	34,333

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2017

	Share capital	Share premium	Capital reserve	Exchange reserve	Investment revaluation reserve	(Accumulated losses)/ Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 13a)	*(note 13b)*	*(note 13c)*	*(note 13d)*		
At 1 October 2015	—	—	45,292	1,392	—	7,352	54,036
Profit for the year	—	—	—	—	—	14,857	14,857
Other comprehensive (loss) income for the year							
Item that are reclassified or may be reclassified subsequently to profit or loss							
Fair value loss on available-for-sale financial assets	—	—	—	—	(3,760)	—	(3,760)
Impairment loss on available-for-sale financial assets *(note 9)*	—	—	—	—	3,760	—	3,760
	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	14,857	14,857
Transactions with owners							
Contribution and distribution							
Combination adjustment upon Reorganisation (defined thereafter)	—	—	(10,140)	—	—	—	(10,140)
Dividends *(note 8)*	—	—	—	—	—	(24,420)	(24,420)
Total transactions with owners for the year	—	—	(10,140)	—	—	(24,420)	(34,560)
At 30 September 2016	—	—	35,152	1,392	—	(2,211)	34,333
Profit for the year	—	—	—	—	—	15,980	15,980

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 September 2017

	Share capital	Share premium	Capital reserve	Exchange reserve	Investment revaluation reserve	(Accumulated losses)/ Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 13a)	*(note 13b)*	*(note 13c)*	*(note 13d)*		
Other comprehensive income (loss) for the year							
Item that are reclassified or may be reclassified subsequently to profit or loss							
Fair value gain on available-for-sale financial assets	—	—	—	—	1,200	—	1,200
Reclassification adjustment upon disposal of available-for-sale financial assets	—	—	—	—	(1,200)	—	(1,200)
	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—	15,980	15,980
Transfer *(note 13b)*	—	—	(35,000)	—	—	35,000	—
Transactions with owners							
Contribution and distribution							
Issue of new shares by way of share offer *(note 12d)*	1,283	85,961	—	—	—	—	87,244
Capitalisation issue *(note 12e)*	3,849	(3,849)	—	—	—	—	—
Transaction costs attributable to issue of new shares	—	(11,177)	—	—	—	—	(11,177)
Dividends *(note 8)*	—	—	—	—	—	(10,828)	(10,828)
Total transactions with owners for the year	5,132	70,935	—	—	—	(10,828)	65,239
At 30 September 2017	**5,132**	**70,935**	**152**	**1,392**	**—**	**37,941**	**115,552**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

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 the GEM of the Stock Exchange since 26 May 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen's Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of corporate finance advisory services, placing and underwriting services and business consultancy services.

In the opinion of the Directors, the immediate holding company of the Company is Jayden Wealth Limited ("**Jayden Wealth**"), which is incorporated in the British Virgin Islands (the "**BVI**") and is ultimately controlled by Ms. Wan Ho Yan Letty ("**Ms. Letty Wan**"), the controlling shareholder, an executive director and the chairperson of the Company.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is also the functional currency of the Group, except for the subsidiary established in the People's Republic of China (the "**PRC**"), whose functional currency is Renminbi ("**RMB**").

2. PRINCIPAL ACCOUNTING POLICIES

In preparing for the initial listing of the shares of the Company on the GEM of the Stock Exchange (the "**Initial Listing**"), the Group underwent a group reorganisation (the "**Reorganisation**") to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 20 May 2016. Details of the Reorganisation are set out in the section headed "History, Reorganisation and corporate structure" of the prospectus of the Company dated 15 May 2017 (the "**Prospectus**").

For the purpose of the preparation of these 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 and after the Reorganisation and is therefore regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared on a combined basis as if the Company had always been the holding company of the Group by applying the principles of merging accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Further details are set out in "*Merger accounting for business combination involving entities under common control*" below.

Basis of preparation

The consolidated financial statements has 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 HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The Group has adopted the new/revised HKFRSs that are relevant to the Group and effective from the current year. The adoption had no significant effects on the results and financial position of the Group for the current and prior years. A summary of the principal accounting policies adopted by the Group is set out below:

Adoption of revised HKFRSs

The Group has applied, for the first time, the following revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 October 2016:

Amendments to HKAS 1: Disclosure Initiative

The amendments include changes in the following five areas: 1) materiality; 2) disaggregation and subtotals; 3) structure of notes; 4) disclosure of accounting policies; 5) presentation of items of other comprehensive income arising from investments accounted for using equity method. It is considered that these amendments are clarifying amendments that do not directly affect the Group's accounting policies or accounting estimates and therefore the adoption of the amendments did not have any significant impact on the consolidated financial statements.

Amendments to HKASs 16 and 38: Clarification of Acceptable Methods of Depreciation and Amortisation

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to HKAS 16 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to HKAS 38 clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Merger accounting for business combination involving entities under common control

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the controlling party's interest. The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

Changes in ownership interest

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

3. SEGMENT INFORMATION AND REVENUE

SEGMENT INFORMATION

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

Information about geographical areas

(a) *Revenue from external customers*

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**63,329**	57,276
The PRC	**—**	101
	63,329	57,377

(b) *Specified non-current assets*

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

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**1,148**	1,220
The PRC	**80**	25
	1,228	1,245

Information about major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer A	**14,813**	—#

No revenue was generated from this customer in 2016 and no single customer individually contributed 10% or more of the Group's revenue for the year ended 30 September 2016.

REVENUE

	2017	2016
	HK$'000	*HK$'000*
Corporate finance advisory services	**43,977**	33,502
Placing and underwriting services	**—**	984
Business consulting services	**19,352**	22,891
	63,329	57,377

4. OTHER INCOME, NET

	2017	2016
	HK$'000	*HK$'000*
Dividend income from investments	**98**	4
Net realised gain from sale of investments at fair value through profit or loss	**—**	89
Net unrealised (loss) gain on financial assets at fair value through profit or loss	**(125)**	45
Interest income	**17**	8
Gain on disposal of available-for-sale financial assets *(note 9)*	**1,200**	—
Others	**15**	7
	1,205	153

5. PROFIT BEFORE INCOME TAX

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

	2017	2016
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Employee benefit expense	**23,314**	16,336
Contributions to defined contribution plans	**442**	418
Total staff costs	**23,756**	16,754
Auditor's remuneration	**569**	22
Depreciation of plant and equipment	**255**	233
Exchange loss (gain)	**228**	(19)
Impairment loss on available-for-sale financial assets	**—**	3,760
Listing expenses	**9,100**	8,092
Loss on disposal of plant and equipment	**2**	—
Operating lease payments on premises	**4,739**	4,586

6. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% *(2016: 16.5%)* on the Group's estimated assessable profits arising from Hong Kong for the years ended 30 September 2017 and 2016.

For the years ended 30 September 2017 and 2016, the Group's entities established in the Cayman Islands and the BVI are exempted from income tax and for the Group's entity established in the PRC, no Enterprise Income Tax has been provided as the Group's entity incurred a loss for taxation purpose.

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**5,588**	5,725
Under-provision in prior year	**236**	—
	5,824	5,725

Reconciliation of income tax expense

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation	**21,804**	20,582
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	**3,411**	3,277
Non-deductible expenses	**2,064**	1,998
Tax exempt revenue	**(216)**	(7)
Under-provision in prior year	**236**	—
Unrecognised tax losses	**348**	329
Others	**(19)**	128
Income tax expense	**5,824**	5,725
Weighted average applicable effective tax rates *(note)*	**26.7%**	27.8%

Note: The weighted average applicable effective tax rates represent the weighted average of the effective rates of taxation prevailing in the territories in which the Group operates.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data and on the assumption that the Group had been in existence throughout the years ended 30 September 2017:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit for the year for the purpose of basic earnings per share	**15,980**	14,857

	2017	2016
	'000	*'000*
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**429,893**	384,900

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the share offer and the capitalisation issue as disclosed in note 12(d) and note 12(e), respectively, to the consolidated financial statements had been completed on 1 October 2015.

The weighted average number of ordinary shares in issue for the year ended 30 September 2016 have been retrospectively adjusted for the effect of the capitalisation issue upon the completion of the share offer as if such capitalisation issued shares were fully issued at the beginning of the year ended 30 September 2016.

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding during years ended 30 September 2017 and 2016.

8. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends declared or paid to the immediate holding company	**10,828**	24,420

Dividend per share information is not presented as its inclusion is not considered meaningful for the preparation of these consolidated financial statements.

During the year ended 30 September 2016, dividends of HK$13,326,000 were paid in cash and the remaining dividends of HK$11,094,000 were settled through current account with the immediate holding company.

During the year ended 30 September 2017, interim dividends of HK$7,300,000 were paid in cash and dividends of HK$3,528,000 were distributed in specie with the entire interests of the Company's indirectly wholly-owned subsidiary of Gather Shine Investments Limited ("**Gather Shine**"). Gather Shine was then ceased to be a subsidiary of the Company and no gain or loss was recognised in respect of the disposal of Gather Shine.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 30 September 2017 of HK$0.02 per ordinary share, in an aggregate amount of approximately HK$10,264,000 has been proposed by the directors of the Company and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**—**	2,640

In January 2016, 40,000,000 shares of a company listed on the Stock Exchange were purchased from a related company at a consideration of HK$6,400,000 and classified as available-for-sale financial assets. The consideration was settled through current account with the immediate holding company. A fair value loss on the available-for-sale financial asset of HK$3,760,000 was recognised in the investment revaluation reserve during the year ended 30 September 2016. Due to the significant decrease in fair value on the available-for-sale financial assets, an impairment loss of HK$3,760,000 was recognised in profit or loss during the year ended 30 September 2016.

In September 2017, the available-for-sale financial assets were disposed of at a consideration of HK$3,840,000. The fair value gain on the available-for-sale financial assets before the disposal which was recognised in the investment revaluation reserve amounting to HK$1,200,000 was then reclassified to profit or loss as a reclassification adjustment upon diaposal.

The fair values of listed securities were based on quoted market price.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Note	**2017** ***HK$'000***	2016 *HK$'000*
Held for trading			
Equity securities - listed in Hong Kong	*(ii)*	**149**	176
Other equity instruments - listed overseas	*(i)&(ii)*	**21,769**	—
		21,918	176

Notes:

(i) During the year ended 30 September 2017, the Company purchased (i) 8.125% perpetual subordinated capital securities ("HSEA") and (ii) 8.00% perpetual subordinated capital securities, Series 2 ("HSEB") issued by HSBC Holdings plc and listed on the New York Stock Exchange at HK$21,867,000 in aggregate for treasury management purposes.

(ii) The fair values of listed equity securities and listed other equity instruments are based on quoted market price. During the year, the fair value loss on financial assets held for trading of HK$125,000 *(2016: a fair value gain of HK$45,000)* was recognised in profit or loss.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Note	2017 HK$'000	2016 HK$'000
Trade receivables	*11(a)*	**29,663**	25,659
Prepayment		**214**	2,261
Deposits and other receivables		**2,106**	2,182
		2,320	4,443
		31,983	30,102
Less: Long-term trade receivable		**—**	(3,236)#
		31,983	26,866

The amount represented trade receivable in the form of consideration shares allotted by a customer which was issued in October 2016 were classified as available-for-sale financial assets by the Group. The fair value of the consideration shares amounted to HK$3,528,000 and such shares were held by Gather Shine. During the year ended 30 September 2017, entire interests of Gather Shine, including the consideration shares of HK$3,528,000 were distributed to the immediate holding company as dividends.

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

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

	2017 HK$'000	2016 HK$'000
Within 30 days	**29,063**	24,449
31 to 60 days	**—**	380
61 to 90 days	**—**	400
Over 90 days	**600**	430
	29,663	25,659

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

	2017	2016
	HK$'000	*HK$'000*
Net yet due	**29,063**	24,449
Past due:		
Within 30 days	**—**	380
31 to 60 days	**—**	400
61 to 90 days	**—**	30
Over 90 days	**600**	400
	600	1,210
	29,663	25,659

Before accepting a new customer, the Group assesses the potential customer's credit quality and determines credit limit. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group's trade receivables which are past due at the end of each reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default. The Group does not hold any collateral over the trade receivables.

12. SHARE CAPITAL

	Note	***No. of shares***	***HK$'000***
Authorised:			
At 5 February 2016 (date of incorporation) and 30 September 2016 *(at par value of US$1 per share)*	*(a)*	**50,000**	**390**
Creation of shares under the Re-denomination (defined thereafter)	*(b)(i)*	**39,000,000**	**390**
Cancellation of shares under the Re-denomination	*(b)(iv)*	**(50,000)**	**(390)**
Increase in authorised share capital	*(c)*	**1,961,000,000**	**19,610**
At 30 September 2017 ***(at par value of HK$0.01 per share)***		**2,000,000,000**	**20,000**
Issued and fully paid:			
At 5 February 2016 (date of incorporation) and 30 September 2016 *(at par value of US$1 per share)*	*(a)*	**1**	**—**
Issue of shares under the Re-denomination	*(b)(ii)*	**780**	**—**
Repurchase of shares under the Re-denomination	*(b)(iii)*	**(1)**	**—**
Issue of shares by share offer	*(d)*	**128,300,000**	**1,283**
Capitalisation issue of shares	*(e)*	**384,899,220**	**3,849**
At 30 September 2017 ***(at par value of HK$0.01 per share)***		**513,200,000**	**5,132**

Notes:

(a) On 5 February 2016, the date of incorporation, the authorised share capital of the Company was US$50,000 comprising 50,000 shares of US$1 each. One fully-paid share of US$1 was allotted and issued to the subscriber and subsequently transferred to the immediate holding company of the Company on 5 February 2016.

(b) Pursuant to written resolutions of the sole shareholder passed on 26 April 2017, the authorised and issued share capital of the Company were re-denominated ("**Re-denomination**") by way of:

(i) an increase in the authorised share capital of HK$390,000 by the creation of 39,000,000 shares;

(ii) an issue of 780 shares to the immediate holding company at HK$0.01 per share;

(iii) repurchase from the immediate holding company of the one issued share of US$1 at an aggregate price of US$1 (equivalent to HK$7.8); and

(iv) following the above repurchase, a diminution in the authorised but unissued share capital by the cancellation of all unissued shares of US$1 each in the capital of the Company.

As a result of the Re-denomination, the Company had an authorised share capital of HK$390,000 divided into 39,000,000 shares with a par value of HK$0.01 each.

(c) Pursuant to the written resolution passed by the sole shareholder on 4 May 2017, the authorised share capital of the Company was increased from HK$390,000 to HK$20,000,000 by the creation of an additional of 1,961,000,000 shares each which rank pari passu in all respects with the existing shares.

(d) On 26 May 2017, the Company issued 128,300,000 ordinary shares of HK$0.01 each pursuant to the Company's listing on the GEM of the Stock Exchange by way of share offer at a price of HK$0.68 per share. Total gross proceeds from the share offer of HK$87,244,000, before the share issue expenses of HK$11,177,000, were credited to the share premium account.

(e) Pursuant to the written resolution passed by the sole shareholder on 4 May 2017, a sum of approximately HK$3,849,000 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par a total of 384,899,220 new shares for allotment and issued to Jayden Wealth upon listing on 26 May 2017.

13. RESERVES

(a) **Share premium**

Share premium represents the excess of the net proceeds from issuance of the Company's shares 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 debts as they fall due in the ordinary course of business.

(b) **Capital reserve**

Capital reserve of the Group represents the capital contribution from the controlling shareholder of certain subsidiaries now comprising the Group before completion of the Reorganisation.

On 4 April 2016, as part of the Reorganisation, VBG Asia Limited entered into a transfer agreement with a related company in respect of the acquisition of the entire interest of US$1,300,000 in VBG Consulting (Beijing) Co., Ltd* (建泉顧問(北京)有限公司) at a consideration of US$1,300,000, which was settled through current account with the immediate holding company. The said acquisition was completed on 20 May 2016.

During the year ended 30 September 2017, an amount of HK$35,000,000 was transferred to retained profits to facilitate future distributions.

(c) **Exchange reserve**

Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(d) **Investment revaluation reserve**

Investment revaluation reserve of the Group represents the accumulative net change in fair value of available-for-sale investments held at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Since the Group's successful listing on the GEM of the Stock Exchange on 26 May 2017 (the "**Listing**"), there has been no change in the business operations of the Group.

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.

For the year ended 30 September 2017, the Group recorded an increase in total revenue by approximately 10.3% to approximately HK$63.3 million (2016: approximately HK$57.4 million) primarily attributable to an increase in the overall number of high value transactions (over HK$1 million) handled by the Group from 18 for the year ended 30 September 2016 to 19 for the year ended 30 September 2017.

For the year ended 30 September 2017, the Group's revenue generated from the provision of corporate finance advisory services increased by approximately 31.3% to approximately HK$44.0 million (2016: approximately HK$33.5 million), accounting for approximately 69.4% of the Group's total revenue (2016: approximately 58.4%). Such increase was primarily attributable to (i) an increase in the price of the total fee income for three active sponsorship engagements; and (ii) an increase in the total number of engagements for corporate finance advisory services from 42 during the year ended 30 September 2016 to 50 during the year ended 30 September 2017.

For the year ended 30 September 2017, the Group's revenue generated from the provision of placing and underwriting services was nil (2016: approximately HK$1.0 million) as the Group did not conclude any placing and underwriting transactions during the year. For the year ended 30 September 2017, the Group's revenue generated from the provision of business consulting services decreased by approximately 15.3% to approximately HK$19.4 million (2016: approximately HK$22.9 million) due to uncertainty in the investment environment.

Administrative expenses and other operating expenses

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

For the year ended 30 September 2017, the Group's administrative expenses and other operating expenses increased by approximately 28.6% to approximately HK$42.7 million (2016: approximately HK$33.2 million). Such increase was primarily attributable to (i) an increase in staff costs and related expenses by approximately 41.7% to approximately HK$23.8 million (2016: approximately HK$16.8 million), (ii) an increase in Listing expenses by approximately 12.3% to approximately HK$9.1 million (2016: approximately HK$8.1 million), and (iii) an increase in legal and professional fees related to the continuing listing obligations to approximately HK$1.0 million (2016: nil).

Income tax expense

The Group's income tax expense slightly increased to approximately HK$5.8 million for the year ended 30 September 2017 from approximately HK$5.7 million for the year ended 30 September 2016 resulting from a slight increase in profit before tax.

Profit for the year

As a result of foregoing, the Group recorded a profit of approximately HK$16.0 million for the year ended 30 September 2017 as compared to a profit of approximately HK$14.9 million for the year ended 30 September 2016.

Net profit margin

For the year ended 30 September 2017, the Group's net profit margin ratio was approximately 25.2%, compared to approximately 25.9% as at 30 September 2016.

Return on total assets

For the year ended 30 September 2017, the Group's return on total assets ratio was approximately 12.4%, compared to approximately 35.0% as at 30 September 2016, which was mainly due to the enlarged total assets resulted from the increase in cash and cash equivalents attributable to the unutilised proceeds raised by the listing of the shares of the Company on the GEM of the Stock Exchange on 26 May 2017.

Return on equity

For the year ended 30 September 2017, the Group's return on equity ratio was approximately 13.8%, compared to approximately 43.3% as at 30 September 2016, which was mainly due to the enlarged total equity resulted from the increase in share premium attributable to the issue of new shares by the listing of the shares of the Company on the GEM of the Stock Exchange on 26 May 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2017, all of the Group's cash and cash equivalents, except (i) an sum of approximately HK$9.2 million in US dollars for treasury purpose, and (ii) a minimum amount of approximately HK$459,000 in Renminbi for settling the operating expenses of the PRC subsidiary, were held in Hong Kong dollars.

The Directors are of the view that at the date hereof the Group's financial resources are sufficient to support its business and operations.

Banking borrowings

As at 30 September 2017, the Group had no banking facilities and no borrowings (2016: nil).

Charge on assets

The Group did not have any charges on its assets as at 30 September 2017 (2016: nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2017 (2016: nil).

Current ratio

As at 30 September 2017, the Group's current ratio was approximately 9.5 times, compared to approximately 4.3 times as at 30 September 2016, which was mainly due to the increase in cash and cash equivalents attributable to the unutilised proceeds raised by the listing of the shares of the Company on the GEM of the Stock Exchange on 26 May 2017. As at 30 September 2017, the Group's cash and cash equivalents totalled approximately HK$73.9 million (2016: approximately HK$8.3 million).

Gearing ratio

As at 30 September 2017, the Group did not have any interest-bearing borrowings and hence the gearing ratio was zero (2016: zero).

Capital structure

On 26 May 2017, the shares of the Company were successfully listed on the GEM of the Stock Exchange. Since then, the Group's capital structure has not changed. The Group's equity consists only of ordinary shares.

Treasury policies

The Directors will continue to follow a prudent policy in managing the Group's bank balances, trade receivables and financial assets at fair value through profit or loss for the purposes of maintaining the Group's solid and healthy liquidity position.

RISK EXPOSURE

The Board believes that all the major risk factors relevant to the Group have already been listed in the section headed "Risk factors" of the Prospectus. Please refer thereto for more information.

Foreign exchange exposure

Majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material provided that (i) the bank balance denominated in Renminbi is insignificant, (ii) the bank balance denominated in US dollars is less fluctuated when Hong Kong dollars is pegged to the US dollars, and (iii) the financial assets at fair value through profit or loss denominated in US dollars is less fluctuated when Hong Kong dollars is pegged to the US dollars.

OUTLOOK AND PROSPECTS

In view of the potential risks associated with global monetary easing policies and rising interest rates as well as ongoing concerns arising from tensions between the US and North Korea, the outlook for the global financial markets appears to be challenging.

Despite the foregoing, the Group will continue to focus its efforts and resources on: (i) actively participating in placing and underwriting activities in primary and secondary market fund raising exercises, (ii) enhancing and strengthening our financial services business by maintaining and expanding our corporate finance team and (iii) expanding our network internationally and across the PRC.

Future plan for material investments or capital assets

Save as disclosed in the section headed "Future plans and use of proceeds" of the Prospectus, the Group did not have any other plans for material investment or capital assets as at 30 September 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), which is lower than the estimated net proceeds of approximately HK$73.4 million (assuming the Offer Price would be HK$0.78 per Offer Share, being the mid-point of the price range stated in the Prospectus).

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus. The adjusted use of proceeds is shown below together with the net proceeds had been utilized, as at 30 September 2017, as follows:

	Adjusted net proceeds	**Amount utilised as at 30 September 2017**	**Balance**
	HK$ million	*HK$ million*	*HK$ million*
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	0.1	5.4
To expand our network internationally and across the PRC	12.1	—	12.1
General working capital	2.0	1.4	0.6
Total	**58.9**	**1.5**	**57.4**

As at 30 September 2017, unutilised proceeds of approximately HK$15.5 million were deposited in licensed banks in Hong Kong and unutilised proceeds of approximately HK$41.9 million were placed on short-term interest bearing instrument with licensed banks in Hong Kong.

For the year ended 30 September 2017, the progress of the Group's participation in placing and underwriting transactions was slower than expected with reference to the disclosure in the Prospectus as some of the Group's listing customers experienced delays in their listing applications resulting in a postponement of the Group's commitment in the placing and underwriting activities associated with their listing. Accordingly, the Group did not utilize any proceeds in expanding our placing and underwriting business during the period.

Material acquisitions and disposals of subsidiaries

Save as disclosed in the section headed "History, Reorganisation and corporate structure" of the Prospectus, the Group did not have any material acquisitions and disposal of subsidiaries during the year ended 30 September 2017.

Significant investments held

Save as except for investments in subsidiaries and the financial assets at fair value through profit or loss, the Group did not hold any significant investments during the year ended 30 September 2017.

OTHER INFORMATION

Employees and remuneration policies

As at 30 September 2017, the Group employed a total of 35 employees (2016: 30). For the year ended 30 September 2017, employee benefits costs of the Group (including the Directors' emoluments) were approximately HK$23.8 million (2016: approximately HK$16.8 million). Employees' remuneration is determined with reference to market terms and the performance, qualifications and experience of employees. Apart from basic remuneration, the Company may grant share options under the share option scheme (please refer to the disclosure in the section headed "Appendix IV — Statutory and general information" of the Prospectus) adopted by the Company on 4 May 2017 to eligible employees by reference to the Group's performance as well as the individual employee's contributions to the development and growth of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Major customers and supplies

During the year ended 30 September 2017, the revenue attributable to the Group's largest customer accounted for approximately 23.4% (2016: 7.9%) of the Group's total revenue and the revenue attributable to the Group's top five largest customers accounted for approximately 47.1% (2016: 30.4%) of the Group's total revenue.

The Group had no major suppliers due to the nature of the principal activities of the Group.

None of the Directors or any of their close associates, or any Shareholder (who to the knowledge of the Directors own 5% or more of the issued Shares of the Company) had any beneficial interest in any the Group's major customers above.

DIVIDEND

The Board proposed to recommend the payment of a final dividend of HK$0.02 per share for the year ended 30 September 2017 (2016: nil).

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 from the date of Listing on 26 May 2017 and up to the date of this announcement 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 from the date of Listing on 26 May 2017 and up to date of this announcement.

CORPORATE GOVERNANCE

The Company has not engaged in any activities falling under the continuing disclosure requirements pursuant to the Rules 17.22 and 17.24 of the GEM Listing Rules.

Since the Date of Listing and up to the date of this announcement, 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 four independent non-executive Directors, namely Mr. Tsang Wing Ki, as the chairman of the Audit Committee, Mr. Kam Cheuk Fai David, Mr. William Robert Majcher and Mr. Ho Lik Kwan Luke. 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 annual results for the year ended 30 September 2017 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. The Audit Committee also reviewed the effectiveness of the risk assessment and internal control systems and internal audit functions of the Group.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 September 2017 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkgem.com) and the Company (www.vbg-group.com). The annual report of the Company for the year ended 30 September 2017 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, 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. Tsang Wing Ki
Mr. William Robert Majcher
Mr. Ho Lik Kwan Luke

By Order of the Board
VBG INTERNATIONAL HOLDINGS LIMITED
Wan Ho Yan Letty
Chairperson

Hong Kong, 8 December 2017

This announcement 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.