



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 RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 JUNE 2020

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* For identification purpose only

FINANCIAL HIGHLIGHTS (UNAUDITED)

- On 1 April 2020, the Company successfully completed the acquisition of a 100% equity interest in Wealth Link Securities Limited (“**Wealth Link Securities**”), which is principally engaged in securities trading, margin financing and online trading. Upon completion of the acquisition, Wealth Link Securities has become a direct wholly-owned subsidiary of the Company.
- The Company and its subsidiaries (the “**Group**”) recorded a revenue of approximately HK\$37.0 million for the nine months ended 30 June 2020, representing an increase of approximately 25.9% when compared with a revenue of approximately HK\$29.4 million for the nine months ended 30 June 2019. The increase in revenue for the nine months ended 30 June 2020 was mainly attributable to an increase in revenue contribution from placing and underwriting services by approximately HK\$12.6 million, or approximately 196.9%, from approximately HK\$6.4 million for the nine months ended 30 June 2019 to approximately HK\$19.0 million for the nine months ended 30 June 2020 as a result of the recognition in revenues due to successful completion of three (3) placing and underwriting engagements handled by the Group during the period.
- The Group recorded a loss of approximately HK\$15.1 million for the nine months ended 30 June 2020 compared with a loss of approximately HK\$17.3 million for the nine months ended 30 June 2019. The decrease in loss for the nine months ended 30 June 2020 was mainly the result of a decrease in administrative expenses and other operating expenses of approximately HK\$7.0 million partially offset by a decrease in revenue contribution of approximately HK\$4.7 million from corporate finance advisory services during the period.
- The basic and diluted loss per share for the nine months ended 30 June 2020 was approximately HK2.95 cents and the basic and diluted loss per share for the nine months ended 30 June 2019 was approximately HK3.37 cents.
- The board of Directors (the “**Board**”) did not recommend the payment of any interim dividend for the nine months ended 30 June 2020 (nine months ended 30 June 2019: 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 2020, together with the comparative unaudited figures for the three months and nine months ended 30 June 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 June 2020

		Three months ended 30 June		Nine months ended 30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	7,988	14,394	36,987	29,369
Cost of services		<u>—</u>	<u>—</u>	<u>(12,300)</u>	<u>—</u>
Gross profit		7,988	14,394	24,687	29,369
Other income, net	4	1,865	251	2,455	1,121
Administrative expenses and other operating expenses	5	<u>(15,049)</u>	<u>(16,171)</u>	<u>(42,242)</u>	<u>(49,168)</u>
Loss before income tax	5	(5,196)	(1,526)	(15,100)	(18,678)
Income tax (expense) credit	6	<u>(40)</u>	<u>(575)</u>	<u>(40)</u>	<u>1,362</u>
Loss for the period		<u>(5,236)</u>	<u>(2,101)</u>	<u>(15,140)</u>	<u>(17,316)</u>
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on consolidation		<u>—</u>	<u>—</u>	<u>—</u>	<u>189</u>
<i>Items that will not be reclassified to profit or loss:</i>					
Fair value change on financial assets designated at fair value through other comprehensive income ("FVOCI")		<u>471</u>	<u>(3,218)</u>	<u>(840)</u>	<u>(5,380)</u>
Other comprehensive income (loss) for the period		<u>471</u>	<u>(3,218)</u>	<u>(840)</u>	<u>(5,191)</u>
Total comprehensive loss attributable to ordinary equity holders of the Company for the period		<u>(4,765)</u>	<u>(5,319)</u>	<u>(15,980)</u>	<u>(22,507)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to ordinary equity holders of the Company					
— Basic and diluted	7	<u>(1.02)</u>	<u>(0.41)</u>	<u>(2.95)</u>	<u>(3.37)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 June 2020

	Reserves							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (note i)	Capital reserve HK\$'000 (note ii)	Exchange reserve HK\$'000 (note iii)	Investment revaluation reserve (non- recycling) HK\$'000 (note v)	Retained profits/ losses) (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 loss for the period								
Items that will not be reclassified to profit or loss								
Fair value change on financial assets designated at FVOCI	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(840)</u>	<u>—</u>	<u>(840)</u>	<u>(840)</u>
Fair value change on financial assets designated at FVOCI reclassified to retained profits upon disposal	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>45</u>	<u>(45)</u>	<u>—</u>	<u>—</u>
	<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

For the nine months ended 30 June 2019

	Reserves								
	Share capital	Share premium	Capital reserve	Exchange reserve	Investment revaluation reserve (recycling)	Investment revaluation reserve (non-recycling)	Retained profits	Total reserves	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(note i)	(note ii)	(note iii)	(note iv)	(note v)			
At 1 October 2018 (audited)	5,132	70,935	152	1,467	1,474	—	51,787	125,815	130,947
Impact on initial application of HKFRS 9	—	—	—	—	(1,474)	1,474	—	—	—
As restated	5,132	70,935	152	1,467	—	1,474	51,787	125,815	130,947
Loss for the period	—	—	—	—	—	—	(17,316)	(17,316)	(17,316)
Other comprehensive income for the period									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on consolidation	—	—	—	189	—	—	—	189	189
<i>Items that may be reclassified subsequently to profit or loss</i>									
Fair value change on financial assets designated at FVOCI	—	—	—	—	—	(5,380)	—	(5,380)	(5,380)
Fair value change on financial assets designated at FVOCI reclassified to retained earnings upon disposal	—	—	—	—	—	550	(550)	—	—
	—	—	—	—	—	(4,830)	(550)	(5,380)	(5,380)
	—	—	—	189	—	(4,830)	(550)	(5,191)	(5,191)
Total comprehensive income (loss) for the period	—	—	—	189	—	(4,830)	(17,866)	(22,507)	(22,507)
Transactions with owners									
<i>Contribution and distribution</i>									
Dividends (note 8)	—	—	—	—	—	—	(15,396)	(15,396)	(15,396)
Total transactions with owners for the period	—	—	—	—	—	—	(15,396)	(15,396)	(15,396)
At 30 June 2019 (unaudited)	5,132	70,935	152	1,656	—	(3,356)	18,525	87,912	93,044

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine months ended 30 June 2020

Notes:

- (i) Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debt as they fall due in the ordinary course of business.
- (ii) Capital reserve of the Group represents the capital contribution from the controlling party of certain subsidiaries now comprising the Group before completion of the Group reorganisation to rationalise the Group structure for the listing of the shares of the Company on GEM of the Stock Exchange.
- (iii) Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (iv) Investment revaluation reserve (recycling) comprises the accumulated net change in the fair value of financial assets classified as measured at amortised cost and debt instrument measurement at FVOCI, if any, at the end of the reporting period and is dealt with in accordance with the accounting policies adopted. The reserve as at 30 September 2018 comprises the accumulated gains and losses arising on the revaluation of available-for-sale investments measured at fair value that have been recognised in other comprehensive income, net of the amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired, in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*.
- (v) Investment revaluation reserve (non-recycling) comprises the accumulative net change in the fair value on financial assets designated at fair value through other comprehensive income that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 30 June 2020

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, securities trading services, asset management services and business consultancy services.

In the opinion of the Directors, the immediate holding company of the Company is Jayden Wealth Limited, which is incorporated in the British Virgin Islands (the “**BVI**”) and is ultimately controlled by Ms. Wan Ho Yan Letty (“**Ms. Letty Wan**”), 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 2020 (the “**Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company. The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 7 August 2020.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements of the Group for the year ended 30 September 2019 (the “**2018/19 Annual Report**”) which have been prepared in accordance with HKFRSs issued by the HKICPA. The Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2018/19 Annual Report except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 October 2019. The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

Adoption of new/revised HKFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are relevant to the preparation of the Condensed Consolidated Financial Statements:

Annual Improvements to HKFRSs	2015-2017 Cycle
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Employee Benefits
Amendments to HKFRS 9	Prepayment Features with Negative Compensation

Other than as explained below regarding the nature and impact of HKFRS 16 *Leases*, the applications of the new and revised standards do not have a material impact on the Condensed Consolidated Financial Statements.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 October 2019, and the comparative information for 30 September 2019 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

The Group as lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for rented premises. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases.

Impacts on transition

Lease liabilities at 1 October 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rates at 1 October 2019. The lessee's incremental borrowing rates applied to the lease liabilities on 1 October 2019 ranged from 4.84% to 12%.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 October 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 October 2019:

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on the entity's assessment of whether leases were onerous by applying HKAS 37 immediately before 1 October 2019 as an alternative to performing an impairment review; and
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The impacts arising from the adoption of HKFRS 16 as at 1 October 2019 are as follows:

	Addition HK\$'000 (Unaudited)
Assets	
Right-of-use assets	14,579
Liabilities	
Lease liabilities	14,579

There is no significant difference between the amount of the operating lease commitments disclosed applying the previous accounting standards at 30 September 2019, discounted using the incremental borrowing rates at 1 October 2019 and the amount of lease liabilities recognised in the condensed consolidated statement of financial position at 1 October 2019.

Basis of measurement

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for the financial assets designated at FVOCI and financial assets at FVPL that are measured at fair value.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Condensed Consolidated Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the Condensed Consolidated Financial Statements, the significant judgements made by the management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the 2018/19 Annual Report.

3. REVENUE

	Three months ended		Nine months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers:				
Corporate finance advisory services	4,253	8,894	14,765	19,468
Placing and underwriting services	2,520	4,402	19,009	6,409
Securities trading services	156	—	156	—
Business consulting services	1,059	1,098	3,057	3,492
	7,988	14,394	36,987	29,369

4. OTHER INCOME, NET

	Three months ended 30 June		Nine months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net unrealised loss on financial assets at fair value through profit or loss	134	—	134	—
Interest income	38	251	184	881
Reversal of loss allowance	619	—	968	240
Government subsidies	1,162	—	1,162	—
Others	(88)	—	7	—
	<u>1,865</u>	<u>251</u>	<u>2,455</u>	<u>1,121</u>

5. LOSS BEFORE INCOME TAX

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

	Three months ended 30 June		Nine months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including directors' remuneration):				
Salaries and allowances	8,955	11,649	24,175	33,836
Contributions to defined contribution plans	<u>136</u>	<u>172</u>	<u>388</u>	<u>523</u>
Total staff costs	<u>9,091</u>	<u>11,821</u>	<u>24,563</u>	<u>34,359</u>
Auditor's remuneration	363	86	533	249
Depreciation of plant and equipment	328	170	749	505
Depreciation of right-of-use assets	1,670	—	5,068	—
Exchange loss (gain), net	46	(36)	58	(33)
Professional fees	41	443	3,930	2,838
Finance cost on lease liabilities	243	—	663	—
Provision for allowance on doubtful debts	1,338	—	1,338	—
Operating lease payments on premises	<u>—</u>	<u>2,799</u>	<u>—</u>	<u>8,391</u>

6. INCOME TAX (EXPENSE) CREDIT

The group entities established in the Cayman Islands and the BVI are exempted from income tax.

During each of the periods, only one entity in the Group is subject to the two-tiered Hong Kong profits tax rate while the remaining entities in the Group will continue to be taxed at the rate of 16.5%.

The Group's entity established in the PRC is subject to Enterprise Income Tax of the PRC at a statutory rate of 25% during each of the periods.

The Group's entity established in Canada is subject to Corporate Income Tax of Canada at a statutory rate of 27% during each of the periods.

	Three months ended 30 June		Nine months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax (expense) credit				
Hong Kong Profits Tax	(40)	(842)	(40)	931
Canada Corporate Income Tax	—	267	—	431
	<u>(40)</u>	<u>(575)</u>	<u>(40)</u>	<u>1,362</u>

7. LOSS PER SHARE

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

	Three months ended 30 June		Nine months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss				
Loss for the period for the purpose of basic loss per share	<u>5,236</u>	<u>2,101</u>	<u>15,140</u>	<u>17,316</u>

Three months ended		Nine months ended	
30 June		30 June	
2020	2019	2020	2019
'000	'000	'000	'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Shares

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

513,200	513,200	513,200	513,200
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For each of the three months and nine months ended 30 June 2020 and 2019, there were no dilutive potential ordinary shares in issue, thus no diluted loss per share is presented.

8. DIVIDENDS

	Three months ended		Nine months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interim dividends (<i>Note a</i>)	—	5,132	—	5,132
Final dividends (<i>Note b</i>)	—	—	—	10,264
	—	5,132	—	15,396

Notes:

- (a) The Board did not recommend the payment of any interim dividend for the nine months ended 30 June 2020 (nine months ended 30 June 2019: nil).

An interim dividend of HK\$0.01 per ordinary share of the Company for the six months ended 31 March 2019 was declared by the Board on 7 May 2019 and paid during the nine months ended 30 June 2019.

- (b) The final dividend of HK\$0.02 per ordinary share of the Company for the year ended 30 September 2018 was approved at the annual general meeting of the Company held on 25 January 2019 and paid during the nine months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; (iii) securities trading services; (iv) asset management services; and (v) business consulting services, mainly to companies listed on the Stock Exchange, non-listed companies and potential listing applicants on the stock exchanges mainly in Hong Kong, the PRC, Asia, Europe and North America. The Group's corporate finance advisory services include advising on transactions or compliance matters under the Rules Governing the Listing of Securities on the Stock Exchange, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; giving opinions or recommendations to the independent board committees and independent shareholders of our customers in the capacity of independent financial advisers; acting as sponsor in IPO exercises, advising companies on compliance requirements and acting as compliance adviser to listed companies post-IPO. In respect of providing placing and underwriting services, the Group acts as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fund-raising exercise. Through Wealth Link Securities, the Group provides securities trading, margin financing and online trading. The Group's asset management services include provision of advisory services for equity securities, fixed income securities, real estate securities, mutual funds and discretionary portfolio management services for professional clients. The Group's business consulting services include reviewing potential customers' business, capital structure and corporate strategic plans, advising on financial reporting, corporate management, internal control and corporate governance, and advising on mergers and acquisitions.

On 1 April 2020, the Company successfully completed the acquisition of a 100% equity interest in Wealth Link Securities, and Wealth Link Securities has become a direct wholly-owned subsidiary of the Company since then.

Corporate finance advisory business continues to be the core business of the Group. During the period, the corporate finance advisory business accounted for approximately 39.9% of the Group's revenues.

FINANCIAL REVIEW

Revenue

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

The Group's revenue increased by approximately HK\$7.6 million, or approximately 25.9%, from approximately HK\$29.4 million for the nine months ended 30 June 2019 to approximately HK\$37.0 million for the nine months ended 30 June 2020. Such increase was mainly attributable to an increase in revenue contribution from placing and underwriting services by approximately HK\$12.6 million, or approximately 196.9%, from approximately HK\$6.4 million for the nine months ended 30 June 2019 to approximately HK\$19.0 million for the nine months ended 30 June 2020 as a result of the recognition in revenues due to successful completion of three (3) placing and underwriting engagements handled by the Group during the period. The Group's revenue contribution from corporate finance advisory services decreased by approximately HK\$4.7 million, or approximately 24.1%, from approximately HK\$19.5 million for the nine months ended 30 June 2019 to approximately HK\$14.8 million for the nine months ended 30 June 2020 as there was no new IPO sponsorship engagements being entered into by the Group during the period.

Other income

The Group's other income was mainly derived from governments' wage subsidies and reversal of loss allowance.

The Group's other income increased from approximately HK\$1.1 million for the nine months ended 30 June 2019 to approximately HK\$2.5 million for the nine months ended 30 June 2020. Such increase was mainly attributable to the receipt of wage subsidies in an aggregate amount of approximately HK\$1.2 million from the Employment Support Scheme (ESS) under the Anti-epidemic Fund of the Hong Kong SAR Government and the Canada Emergency Wage Subsidy (CEWS) of the Canadian Government due to the COVID-19 pandemic.

Administrative expenses and other operating expenses

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

The Group's administrative expenses and other operating expenses decreased by approximately HK\$7.0 million, or approximately 14.2%, from approximately HK\$49.2 million for the nine months ended 30 June 2019 to approximately HK\$42.2 million for the nine months ended 30 June 2020. Such decrease was mainly attributable to a decrease in staff costs and related expenses as a result of a reduction in discretionary bonus payment during the period.

Loss for the period

As a result of foregoing, the Group recorded a loss of approximately HK\$15.1 million for the nine months ended 30 June 2020 as compared with a loss of approximately HK\$17.3 million for the nine months ended 30 June 2019.

USE OF PROCEEDS

The net proceeds (the “**Net Proceeds**”) raised by the Company from the Share Offer were approximately HK\$58.9 million (based on the final Offer Price of HK\$0.68 per Offer Share, being the low-end of the price range stated in the prospectus of the Company dated 15 May 2017, the “**Prospectus**”). The Group adjusted the use of Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

As stated in the Company’s announcement dated 13 September 2019, the Board resolved to change the use of HK\$5.0 million out of the remaining balance of the unutilised Net Proceeds to develop asset management business. Breakdown of the adjusted Net Proceeds, the breakdown of the amount of utilised Net Proceeds and the remaining balance as at 30 June 2020 are summarised as follows:

	Adjusted Net Proceeds <i>HK\$ million</i>	Amount utilised as at 30 June 2020 <i>HK\$ million</i>	Balance <i>HK\$ million</i>
To expand the Group’s placing and underwriting business	34.3	34.3	—
To enhance and strengthen the Group’s financial advisory business by maintaining and expanding its corporate finance team	5.5	5.5	—
To develop asset management business	5.0	2.6	2.4
To expand the Group’s network internationally and across the PRC	12.1	11.9	0.2
General working capital	2.0	2.0	—
Total	58.9	56.3	2.6

As at 30 June 2020, unutilised Net Proceeds of approximately HK\$2.6 million were placed on short-term interest bearing instruments with licensed banks in Hong Kong.

PROSPECTS

With no signs that the COVID-19 pandemic will end soon, the business environment will continue to be challenging for the Group. Going forward, the Group will continue to focus on corporate finance advisory business. We will also continue to seek business opportunities for our placing and underwriting business through Wealth Link Securities and for our asset management business.

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 2020, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions

(i) Interests in the shares of the Company:

Name of Director	Capacity/Nature	Number of shares interested	Approximate percentage of the issued share capital of the Company
Ms. Wan Ho Yan Letty	Interests of controlled corporation	359,520,000 (L)	70.05%

Notes:

- (1) These 359,520,000 shares are held by Jayden Wealth Limited (“**Jayden Wealth**”), a company incorporated in the British Virgin Islands and wholly owned by Ms. Wan Ho Yan Letty (“**Ms. Letty Wan**”). Therefore, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth for the purpose of the SFO.
- (2) The letter “L” denotes as long positions in the shares of the Company.

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

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

Save as disclosed above, as at 30 June 2020, 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 2020.

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

As at 30 June 2020, the following parties (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares or underlying shares of the Company

Name of shareholder	Nature of interests	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Approximate percentage of the issued share capital of the Company
Jayden Wealth	Beneficial owner	359,520,000	—	359,520,000	70.05%

Notes:

- (1) 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.
- (2) The approximate percentage of shareholdings is based on 513,200,000 shares as at 30 June 2020, not the enlarged issued share capital of the Company.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executives of the Company who held any interests or short positions in the shares and/or underlying shares of the Company as at 30 June 2020 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 2020.

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 2020 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 during the nine months ended 30 June 2020 and up to date of this announcement.

COMPETING INTERESTS

As at 30 June 2020, 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 2020.

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 2020 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 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 2020 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 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. William Robert Majcher

Mr. Ho Lik Kwan Luke

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

Hong Kong, 7 August 2020

This announcement 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.