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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 DISPOSAL OF 85% EQUITY INTEREST IN A SUBSIDIARY

THE DISPOSAL

- On 13 September 2021 (after trading hours), each of the Company (the Seller) and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Sale Shares representing 85% of the entire issued share capital of Wealth Link Securities, a wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of HK\$14,000,000 to be paid and settled in cash.
- Completion of the Disposal is subject to a number of conditions as set out in the paragraph headed “**Conditions precedent**” in the section headed “**THE DISPOSAL**”.
- Upon Completion, the Company will hold a 15% equity interest in Wealth Link Securities and that Wealth Link Securities will cease to be a subsidiary of the Company.

GEM LISTING RULES IMPLICATIONS

- As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

- An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder.
- A circular containing, among others, (i) details of the Disposal Agreement and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 6 October 2021.

WARNING

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

(1) INTRODUCTION

On 13 September 2021 (after trading hours), each of the Company (the Seller) and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Sale Shares representing 85% of the entire issued share capital of Wealth Link Securities, a wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of HK\$14,000,000 to be paid and settled in cash.

(2) THE DISPOSAL

The Disposal Agreement

Date: 13 September 2021 (after trading hours)

Parties: (i) the Seller: VBG International Holdings Limited; and
(ii) the Purchaser: JUMBO HARVEST GROUP LIMITED

The Purchaser is an investment holding company. As at the date of this announcement, the Purchaser is wholly owned by Trendzon Holdings.

Wealth Link Securities is principally engaged in Type 1 (dealing in securities) regulated activity and Type 4 (advising on securities) regulated activity under the SFO.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Purchaser and its respective associates are Independent Third Parties.

Assets to be disposed of

The Sale Shares representing 85% of the entire issued share capital of Wealth Link Securities as at the Completion Date.

As at the date of this announcement, the Company is the legal and beneficial owner of the entire issued shares of Wealth Link Securities.

Upon Completion, the Company will hold a 15% equity interest in Wealth Link Securities, Wealth Link Securities will cease to be a subsidiary of the Company and that the financial result, assets and liabilities of Wealth Link Securities will no longer be consolidated into the accounts of the Group.

The Consideration

The Consideration shall be paid and settled in the following manner:

- (1) a refundable deposit (the “**Deposit**”) in the amount of HK\$5,000,000 shall be paid by the Purchaser to the Company in cash in the following manner:
 - HK\$2,000,000 of the Deposit be paid at the time of signing the Disposal Agreement;
 - HK\$1,000,000 of the Deposit be paid on 4 October 2021;
 - HK\$1,000,000 of the Deposit be paid on 1 November 2021; and
 - HK\$1,000,000 of the Deposit be paid on 1 December 2021.
- (2) HK\$7,000,000 of the Consideration shall be deposited by the Purchaser into the account of an escrow agent (the “**Escrow Agent**”) as agreed by the Company and the Purchaser and that the Purchaser shall instruct the Escrow Agent to pay to the Company in cash in the following manner:
 - HK\$1,000,000 of the Consideration be paid on 3 January 2022;
 - HK\$1,000,000 of the Consideration be paid on 4 February 2022;
 - HK\$1,000,000 of the Consideration be paid on 1 March 2022;
 - HK\$1,000,000 of the Consideration be paid on 1 April 2022;
 - HK\$1,000,000 of the Consideration be paid on 3 May 2022;

- HK\$1,000,000 of the Consideration be paid on 1 June 2022; and
 - HK\$1,000,000 of the Consideration be paid on 4 July 2022.
- (3) the balance of the Consideration, being HK\$2,000,000, shall be paid by the Purchaser to the Company in cash on Completion.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to, among other things, the net asset value of Wealth Link Securities and the factors set out in the section headed "**REASONS FOR AND BENEFITS OF THE DISPOSAL**".

The Directors (including the independent non-executive Directors) considered that the terms of the Disposal Agreement 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):

- (1) prior approval from the SFC on: (i) the Purchaser becoming a shareholder of Wealth Link Securities as a result of any or all the transactions contemplated in and under the Disposal 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 Disposal Agreement; and (iii) if necessary, the appointment of such person(s) nominated by the Purchaser as Responsible Officer(s) of Wealth Link Securities, other than the existing Responsible Officer as at the date hereof, as a result of the execution of the Disposal Agreement;
- (2) the SFC having not suspended or withdrawn or revoked any of the Licences;
- (3) no investigation, inquiry or disciplinary action by any authority being initiated against Wealth Link Securities or its officers or accredited representatives;
- (4) the Purchaser is satisfied with the due diligence review on Wealth Link Securities;
- (5) if necessary, the ordinary resolution(s) for approving the Disposal Agreement and the transactions contemplated thereunder having been duly passed by the shareholders of the Company and the Purchaser;

- (6) no indication from the Stock Exchange having been received to the effect that the listing of shares of the Company or the Purchaser will or may be withdrawn or objected to for any reason attributable to the transactions contemplated under the Disposal Agreement or the Completion; and
- (7) there having been no material breach of any of the representations, warranties and undertakings given by the Company under the Disposal Agreement.

The Purchaser may waive any of the conditions in (4) and (7) as referred to above by giving notice in writing to the Company.

The Company 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 30 September 2022 or such other date as the parties to the Disposal 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 Disposal Agreement shall be terminated automatically, and the Company shall refund the Deposit and all of the sums of Consideration paid by the Purchaser under the Disposal Agreement, if any, within fourteen (14) Business Days of the date of termination in full without interest to the Purchaser.

(3) FINANCIAL INFORMATION OF WEALTH LINK SECURITIES

Information on Wealth Link Securities

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

Financial information on Wealth Link Securities

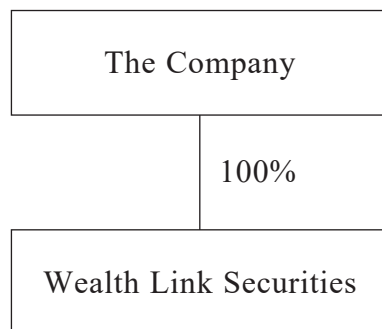
Set out below is the financial information of Wealth Link Securities based on its unaudited management accounts:

	For the year ended 30 September 2020	For the year ended 30 September 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss before taxation	3,889	9,103
Loss after taxation	3,820	9,047

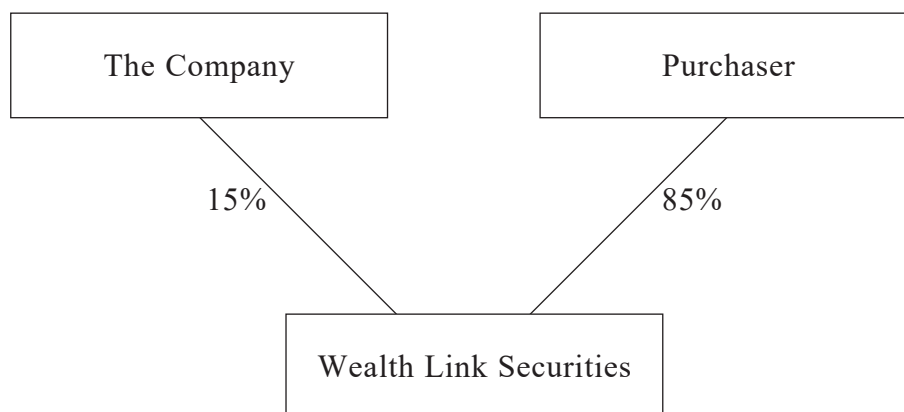
The unaudited net asset value of Wealth Link Securities as at 31 August 2021 was approximately HK\$14.8 million.

The following charts show the shareholding structure of Wealth Link Securities as at the date of this announcement and immediately upon Completion:

Shareholding structure of Wealth Link Securities as at the date of this announcement



Shareholding structure of Wealth Link Securities immediately upon Completion



(4) REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Purchaser is an investment holding company. As at the date of this announcement, the Purchaser is wholly owned by Trendzon Holdings.

Trendzon Holdings and its subsidiaries are principally engaged in (i) infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services; and (ii) trading of building materials.

The Company acquired Wealth Link Securities in 2019 in the anticipation that Wealth Link Securities would enable the Group to further expand or develop its placing and underwriting business for its IPO clients and their subsequent placement. However, since the completion of the acquisition of Wealth Link Securities, against the backdrop of a weak IPO market for small cap IPO companies, which is the sector that the Company focuses on, the placing and underwriting

engagements for small cap IPO companies as originally envisaged at the time of the acquisition of Wealth Link Securities have not materialised. The Directors considered that in view of the regulatory requirements for Type 1 (dealing in securities) regulated activity under the SFO are becoming increasingly challenging, and having considered that, for example, there were a total of 75, 15 and eight (8) IPO listings[^] on GEM of the Stock Exchange in 2018, 2019 and 2020 respectively, versus only one (1) IPO listing[^] on GEM of the Stock Exchange up to the date of this announcement in 2021, the IPO market for small cap IPO companies may not improve as expected, the Disposal will enable the Group to streamline its operation associated with Wealth Link Securities with the view to reducing the Group's operational costs and improve the efficient use of its capital and cash-flow resources. As the Group still retains a 15% equity interest in Wealth Link Securities going forward, the Group will be able to enjoy the upside should the market turns around in the years ahead.

(5) FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

It is expected that upon Completion, the Group will record an unaudited loss on the Disposal of approximately HK\$7.3 million. Such loss is estimated based on the Consideration and the carrying amount of the cost of investment of the Company in Wealth Link Securities.

The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to any changes to the aforementioned carrying amount on the Completion Date and the review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group. Net proceeds from the Disposal, which have deducted expenses in relation to the Disposal, are estimated to be approximately HK\$13.8 million. The Company intends to use the net proceeds from the Disposal for the Group's working capital purpose.

(6) GEM LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) details of the Disposal Agreement and the transactions contemplated thereunder; (ii) other information as required under the GEM Listing Rules; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 6 October 2021.

(7) WARNING

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

(8) DEFINITIONS

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

“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 in Hong Kong are open 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 Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	a date falling within seven (7) Business Days after all the conditions precedent have been fulfilled or waived, where applicable (or such later date as the parties to the Disposal Agreement may agree in writing but in any event not later than the Long Stop Date)
“Consideration”	the consideration of HK\$14,000,000 for the Sale Shares payable by the Purchaser to the Company under the Disposal Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement in Chinese known as “有關買賣富滙證券有限公司 Wealth Link Securities Limited 85% 已發行股份的協議” entered into on 13 September 2021 (after trading hours) between the Company and the Purchaser in respect of the Disposal

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Disposal Agreement and the transactions contemplated thereunder
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“IPO”	initial public offering
“Licences”	the licences (either unconditionally or subject only to condition(s)) of Wealth Link Securities granted by the SFC to carry on a business of Type 1 (dealing in securities) regulated activity and Type 4 (advising on securities) regulated activity under the SFO
“Long Stop Date”	31 December 2022
“PRC”	the People’s Republic of China
“Purchaser”	JUMBO HARVEST GROUP LIMITED, a company incorporated under the laws of the British Virgin Islands
“Responsible Officer”	has the meaning ascribed to it under the SFO
“Sale Shares”	14,450,000 shares representing 85% of all the issued share(s) in the share capital of Wealth Link Securities as at the Completion Date
“Seller”	the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trendzon Holdings”	Trendzon Holdings Group Limited 卓航控股集團有限公司 (formerly known as Pipeline Engineering Holdings Limited 管道工程控股有限公司), a company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange (stock code: 1865)
“Wealth Link Securities”	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 Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 13 September, 2021

[^] *Source: GEM website at www.hkgem.com*

As at the date of this announcement, the board of Directors comprises three executive Directors, namely, Ms. Wan Ho Yan Letty, Mr. Hui Ringo Wing Kun and Mr. Yeung Chun Yue David; 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 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 Listed Company Information” 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*