



## VINCO FINANCIAL GROUP LIMITED

### 域高金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

#### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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.**

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*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.*

## SUMMARY

- Revenue of the Group for the year ended 31 December 2018 amounted to approximately HK\$20.22 million.
- Net profit attributable owners of the Company for the year ended 31 December 2018 amounted to approximately HK\$1.8 million.
- The Directors do not recommend any final dividend for the year ended 31 December 2018.

## CONSOLIDATED RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2018 together with the comparative figures as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> HK\$'000	<u>2017</u> HK\$'000
<b>Revenue</b>	3(a)	20,215	36,044
Operating expenses		<u>(18,257)</u>	<u>(20,627)</u>
<b>Profit from operations and before taxation</b>	4	1,958	15,417
Income tax	5	<u>(154)</u>	<u>(2,039)</u>
<b>Profit for the year and attributable to owners of the Company</b>		1,804	13,378
Other comprehensive income for the year, net of income tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u>1,804</u>	<u>13,378</u>
<b>Earnings per share (expressed in HK cents per share)</b>			
- Basic and diluted	6	<u>0.28</u>	<u>2.09</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	<u>Note</u>	<u>2018</u> HK\$'000	<u>2017</u> HK\$'000
<b>Non-current assets</b>			
Plant and equipment		117	96
Rental and other deposits paid		<u>1,199</u>	<u>1,199</u>
		<u>1,316</u>	<u>1,295</u>
<b>Current assets</b>			
Trade and other receivables	7	1,738	1,652
Cash and cash equivalents		<u>34,410</u>	<u>36,454</u>
		<u>36,148</u>	<u>38,106</u>
<b>Current liabilities</b>			
Accrued expenses		200	200
Receipt in advance		-	895
Tax payable		<u>2,193</u>	<u>2,039</u>
		<u>2,393</u>	<u>3,134</u>
<b>Net current assets</b>		<u>33,755</u>	<u>34,972</u>
<b>NET ASSETS</b>		<u>35,071</u>	<u>36,267</u>
<b>Capital and reserves</b>			
Share capital		6,400	6,400
Reserves		<u>28,671</u>	<u>29,867</u>
<b>TOTAL EQUITY</b>		<u>35,071</u>	<u>36,267</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Attributable to the owners of the Company					
	Reserves					
				(Accumulated losses)/ retained earnings	Subtotal	Total equity
	Share capital	Share premium	Merger reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2017</b>	6,400	11,887	9,900	(3,298)	18,489	24,889
<b>Changes in equity for 2017:</b>						
Profit for the year	-	-	-	13,378	13,378	13,378
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	13,378	13,378	13,378
Interim dividend declared in respect of the current year (Note 8(a))	-	-	-	(2,000)	(2,000)	(2,000)
<b>Balance at 31 December 2017 and 1 January 2018</b>	6,400	11,887	9,900	8,080	29,867	36,267
<b>Changes in equity for 2018:</b>						
Profit for the year	-	-	-	1,804	1,804	1,804
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,804	1,804	1,804
Final dividend approved in respect of previous financial year (Note 8(b))	-	-	-	(3,000)	(3,000)	(3,000)
<b>Balance at 31 December 2018</b>	6,400	11,887	9,900	6,884	28,671	35,071

## NOTES

### 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as “the Group”).

Items included in the financial statements of each entity of the Group are measured using the currency of primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in Hong Kong dollars (“HK\$”), rounded to the nearest thousand except for per share data. HK\$ is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with HKFRSs 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 that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

- i) HKFRS 9, Financial instruments
- ii) HKFRS 15, Revenue from contracts with customers
- iii) HK(IFRIC) 22, Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

## **3. REVENUE AND SEGMENT REPORTING**

### **a) Revenue**

The principal activity of the Group is the provision of financial services in Hong Kong. Revenue represents income from the provision of corporate financial advisory services for the years ended 31 December 2018 and 2017.

### **b) Segment Reporting**

During the years ended 31 December 2018 and 2017, the Group operates in a single operating segment in Hong Kong, i.e. the provision of corporate financial advisory services in Hong Kong. Accordingly, operating segment and geographical information are not presented.

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

	2018 HK\$'000	2017 HK\$'000
Customer A	3,750	-
Customer B	3,658	2,208
Customer C	2,500	-
Customer D	960	5,572
Customer E	840	5,107
Customer F	-	4,930
Customer G	840	4,435
Customer H	840	4,102

#### 4. PROFIT FROM OPERATIONS AND BEFORE TAXATION

Profit from operations and before taxation is arrived at after charging:

	2018 HK\$'000	2017 HK\$'000
<b>a) Staff costs (including directors' remuneration):</b>		
Contributions to defined contribution retirement plan	189	182
Salaries and other benefits	10,707	12,957
	<b>10,896</b>	<b>13,139</b>

	2018 HK\$'000	2017 HK\$'000
<b>b) Other items:</b>		
Auditor's remuneration		
- audit services	200	200
Depreciation of plant and equipment	45	39
Operating lease charges in respect of office premises	3,734	3,201

#### 5. INCOME TAX

##### Taxation in the consolidated statement of profit or loss and other comprehensive income

	2018 HK\$'000	2017 HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax	154	2,039

The provision of Hong Kong Profits Tax for the year ended 31 December 2018 is calculated at 8.25% (2017: 16.5%) of the estimated assessable profits arising in Hong Kong up to HK\$2,000,000 and 16.5% (2017: 16.5%) of the estimated assessable profits over HK\$2,000,000.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to income tax in the Cayman Islands.



## 6. EARNINGS PER SHARE

### a. Basic earnings per share

The calculation of basis earnings per share is based on the profit attributable to the owners of the Company of approximately HK\$1,804,000 (2017: HK\$13,378,000) and the weighted average of 640,000,000 (2017: 640,000,000) ordinary shares in issue during the year.

### b. Diluted earnings per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2018 and 2017, and diluted earnings per share is the same as basic earnings per share.

## 7. TRADE AND OTHER RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	1,285	1,250
Less: allowance for doubtful debts	-	-
	1,285	1,250
Deposits and prepayments	453	402
	1,738	1,652

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

### a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the date of revenue recognition and net of allowance of doubtful debts, is as follows:

	2018 HK\$'000	2017 HK\$'000
Within 3 months	1,285	1,250

Trade receivables are due within 60 days from the date of billing.

## **8. DIVIDENDS**

### **a) Interim dividend declared and paid during the year ended 31 December 2017**

At a meeting held on 20 October 2017, the board of directors (the “Board”) recommended the payment of a third quarter dividend of HK0.3125 cents per ordinary share of the Company (totalling HK\$2,000,000) for the year ended 31 December 2017 (“2017 Third Quarter Dividend”). The 2017 Third Quarter Dividend was paid and reflected as an appropriation of retained earnings during the year ended 31 December 2017.

### **b) Final dividend payable to equity shareholders of the Company attributable to the year ended 31 December 2017, approved and paid during the year**

At a meeting held on 26 March 2018, the Board recommended the payment of a final dividend of HK0.46875 cents per ordinary share (totalling HK\$3,000,000) for the year ended 31 December 2017 (“2017 Final Dividend”). The 2017 Final Dividend was approved and paid and reflected as on appropriation of retained earnings during the year ended 31 December 2018.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review**

The Group continued to focus on its principal business in relation to the provision of corporate finance advisory services in Hong Kong. The performance of the Group had been affected by the U.S.-China trade war as well as the tightened regulatory measures. Despite the unstable market situations, we have completed over seven corporate finance advisory related projects and one initial public offering project as of 31 December 2018.

## **FINANCIAL REVIEW**

### **Results of the Group**

The revenue of the Group was approximately HK\$20.22 million during the year (2017: approximately HK\$36.04 million). The net profit attributable to owners of the Group for the year ended 31 December 2018 was approximately HK\$1.8 million (2017: approximately HK\$13.38 million).

As at 31 December 2018, the Group had total assets of approximately HK\$37.46 million (2017: approximately HK\$39.40 million). The net assets value of the Group was approximately HK\$35.07 million as at 31 December 2018 (2017: approximately HK\$36.27 million).

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK\$34.41 million as at 31 December 2018. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity to meet operation requirements and acquisition opportunities.

### **Capital structure**

The capital of the Company comprises only ordinary shares. As at 31 December 2018, the total number of the ordinary shares of the Company in issue was 640,000,000 shares.

### **Charge on Group's assets**

As at 31 December 2018, the Group did not have any charge on its assets (2017: nil).

## **Hedging**

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk had been implemented during the year under review.

## **Information on employees**

As at 31 December 2018, the Group had a workforce of 18 employees (2017: 19). The total staff costs, including the directors' emoluments, amounted to HK\$10.90 million for the year under review (2017: approximately HK\$13.14 million).

The Group's remuneration policies were determined by reference to market terms as well as the performance, qualification and experience of each individual employee.

## **Contingent liabilities**

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: nil).

## **Significant investment**

The Group did not hold any significant investment for the year ended 31 December 2018 (2017: nil).

## **Outlook**

In 2018, global economy are facing more uncertainty, especially with U.S.-China trade war and monetary policies of major central banks towards rate hikes are set to dominate the global economic outlook. The sentiments on capital market have become more prudent in the near term. Looking forward, the operation environments of the Group continue to be challenging, the Group will continue to provide a comprehensive one-stop advisory service for all of our customers while carefully reviewing the Group business strategies against the latest development and trend of the financial market. To cope with the challenging environment in the capital market, the management remains optimistic and the Group will continue to focus on the corporate finance advisory services as well as IPO-related projects. Meanwhile, the Group will also continue to seek for business opportunities in other financial related services so as to generate greater value for the shareholders.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices.

Throughout the financial year ended 31 December 2018, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code and Report"), except for the deviations to Code Provisions A.2.1 and A.4.1 as explained in this report.

The board of Directors (the "Board") has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

## **AUDIT COMMITTEE**

The Company's Audit Committee was formed on 22 April 2008 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's internal control procedures and annual report, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee currently comprises three Independent Non-executive Directors, Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Law Chor Yam. The Audit Committee members have reviewed this Annual Report and have provided advice and comments thereon.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 29 April 2019 to Friday, 3 May 2019, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 April 2019.

By order of the Board  
**Vinco Financial Group Limited**  
**Chung Ho Yan**  
Chairman

**Hong Kong, 26 March 2019**

*As at the date hereof, the Board comprises Mr. Chung Ho Yan and Mr. Lam Yick Hing being executive directors of the Company; and Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Law Chor Yam being the independent non-executive directors of the Company.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcement" page for at least 7 days from the date of its posting and on the website of the Company at <http://www.vinco.com.hk>.*