

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



First Quarterly Report 2022

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 report, for which the directors (the “Directors”) of Vinco Financial Group Limited (the “Company”, together with its subsidiaries, the “Group”) 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 (“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 report 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 report misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$5.08 million for the three months ended 31 March 2022 as compared to HK\$1.15 million for the corresponding period in 2021.
- Profit attributable to owners of the Company for the three months ended 31 March 2022 to approximately HK\$0.12 million as compared to loss attributable to owners of the Company of approximately HK\$1.77 million for the corresponding period in 2021.
- The Directors do not recommend the payment of a dividend for the three months ended 31 March 2022.

Corporate Information

DIRECTORS

Executive Directors

Mr. Lee Chun Wai (Chairman)
Mr. Lee Chan Wah
Mr. Lam Yick Hing (resigned on 1 April 2022)

Non-executive Director

Dr. Leung Kin Cheong Laurent

Independent non-executive Directors

Mr. Choi Tak Fai
Ms. Lee Pui Ching
Ms. Lau Mei Suet

COMPANY SECRETARY

Mr. Lee Chan Wah

AUTHORISED

REPRESENTATIVES

Mr. Lee Chun Wai
Mr. Lee Chan Wah (appointed on 1 April 2022)
Mr. Lam Yick Hing (resigned on 1 April 2022)

AUDIT COMMITTEE

Ms. Lau Mei Suet (Chairlady)
Mr. Choi Tak Fai
Ms. Lee Pui Ching

NOMINATION

COMMITTEE

Mr. Lee Chun Wai (Chairman)
Ms. Lee Pui Ching
Ms. Lau Mei Suet

REMUNERATION

COMMITTEE

Ms. Lau Mei Suet (Chairlady)
Mr. Lee Chun Wai
Ms. Lee Pui Ching

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 502A, 503 and 503A
5/F, Tower 2, Admiralty Centre
No. 18 Harcourt Road
Hong Kong

AUDITORS

Crowe (HK) CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking
Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8340

WEBSITE

<http://www.hklistco.com/8340>

First Quarterly Results (Unaudited)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended	
		31 March	
	Notes	2022	2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	2	5,080	1,151
Operating expenses		(4,962)	(2,920)
Profit/(loss) from operations and before taxation		118	(1,769)
Income tax	4	—	—
Profit/(loss) for the period and attributable to owners of the Company		118	(1,769)
Other comprehensive income for the period, net of income tax		—	—
Total comprehensive income/(expenses) for the period attributable to owners of the Company		118	(1,769)
Earnings/(loss) per share (expressed in HK cents per share)			
— Basic and diluted	5	0.02	(0.28)

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated first quarterly 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 GEM of the Stock Exchange.

The unaudited condensed consolidated first quarterly financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the unaudited condensed consolidated first quarterly financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated 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 amounts 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.

The condensed consolidated accounts have not been audited by the auditors of the Company but have been reviewed by the audit committee of the Company.

2. 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 three months ended 31 March 2022 and 2021.

3. SEGMENT INFORMATION

No business segment analysis and geographical segment analysis are presented for the periods as substantially all of the Group's revenue was derived from provision of financial services in Hong Kong.

4. INCOME TAX

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

	Three months ended	
	31 March 2022	31 March 2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	—	—

The provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%), except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to income tax in these jurisdictions.

5. EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$118,000 (2021: loss attributable to owners of the Company of approximately HK\$1,769,000) and the weighted average of 640,000,000 (2021: 640,000,000) ordinary shares in issue during the period.

b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares in issue for the three months ended 31 March 2022 and 2021, and diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2022 (2021: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, the Group is mainly engaged in provisional of corporate finance related services in Hong Kong including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offering related projects. By leveraging on the managements' connections and business network, the Group has actively maintained frequent communication with existing customers and potential new customers in relation to potential business opportunities. The fifth Omicron variant driven wave of the pandemic emerging in late December 2021 brought the public health system in Hong Kong to its knees and seen infections soar beyond 1 million cases. For the best to contain the uncontrollable spread of the Omicron variant, the government has imposed the strictest social distancing measures to date, while shifting its stance on a number of plans and policies. Some of the Group's clients are generally operated in the PRC and more risk adverse and cautious during the uncertain economic climate and the cross border restrictions imposed by the PRC and Hong Kong governments have limited the Group's accessibility and therefore business opportunities with such clients are delayed as a result. The results of the Group had been temporarily affected by the latest development of the pandemic as the Group has to reschedule some of the planned projects and marketing activities.

The Directors consider that the impact of the pandemic on the Group's operations and future prospects may affected by the duration of the epidemic, the implementation of regulatory policies and relevant protective measures which might affect the business environment that the Group is operating at. The results of the Group's financial services would be also influenced by the performance of the stock markets in Hong Kong. The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation.

OUTLOOK

As at the time of compiling this report, the fifth wave of the coronavirus pandemic has yet come to an end and mainland China is battling its biggest spike in coronavirus cases since the start of the pandemic, with millions under lockdown and the healthcare system feeling the pressure.

Looking ahead, it remains unclear as to when this fifth wave of the pandemic in Hong Kong will be over. The plans to restart quarantine-free travel between the two territories and talks won't resume until the Omicron situation in Hong Kong and mainland China comes under control.

In response to the uncertainty in the Hong Kong economy, the Group will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future. The Group will continue to monitor the development of the COVID-19 pandemic, strengthen its cost control and resources management by executing flexible strategies to face the challenges in order to maintain its competitiveness in the market. Meanwhile, the Group will also explore other potential business opportunities in order to diversify the Group's business and create new source of revenue to the Group.

Recently, the Group has been granted with the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (“SFO”). The Directors believe that the expansion of our asset management business will broaden our revenue base in long run by generating management fee and performance based incentive income.

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$5.08 million for the three months ended 31 March 2022 (2021: approximately HK\$1.15 million). The profit attributable to owners of the Company for the three months ended 31 March 2022 was approximately HK\$0.12 million (2021: loss attributable to owners of the Company of approximately HK\$1.77 million). Although the business operation of the Group has been temporarily affected by the uncontrollable COVID-19 pandemic as mentioned above, the Group has managed to turnaround our financial performance by adjusting the Group’s marketing strategies. The improvement in revenue is primarily attributed to the new potential projects and advisory related transactions mandated by the Group. The Group remained in a healthy and sound liquidity position as at 31 March 2022.

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. As at 31 March 2022, the total number of the ordinary shares of the Group was 640,000,000 shares.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

Dividends

The Board does not recommend the payment of any dividend for the three months ended 31 March 2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2022, the interests or short positions of the Directors and chief executives of the Company and their associates in the share (“Shares”), underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO which were notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of shares directly and beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	138,790,000	21.69%

Save as disclosed herein, as at 31 March 2022, none of the Directors or chief executives of the Company nor their associates had any interests and short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2022, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interests in the Company

Name	Nature of interest	Number of ordinary Shares beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	138,790,000	21.69%

Save as disclosed above, as at 31 March 2022, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Directors' Interest in a Competing Business

For the three months ended 31 March 2022, the Directors are not aware of any business or interest of the Directors, the management, shareholders of the Company and their associates (as defined under the GEM Listing Rules) that compete or may compete (directly or indirectly) with the business of the Company and any other conflicts of interests which any such person has or may have with the Company.

Share Option Scheme

No share options have been granted nor any existing share option scheme has been adopted by the Company during the period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 31 March 2022, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Code of Conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the three months ended 31 March 2022.

CORPORATE GOVERNANCE

Save and except the following deviation from the code provision set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to the GEM Listing Rules (the “CG Code and Report”), the Company had complied with the code provision set out in CG Code and Report during the three months ended 31 March 2022.

Code provision set out

in the CG Code and Report

Reason for deviations

A.2.1 The Chairman and Chief Executive Officer of the Company were performed by the same individual.

The Company’s size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer.

The Group has in place internal control system to perform the check and balance function.

The Board has continued to monitor and review the Group’s progress in respect of corporate governance practices to ensure compliance.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises of one executive Director, namely Mr. Lee Chun Wai and two independent non-executive Directors, namely Ms. Lau Mei Suet (chairlady of the remuneration committee) and Ms. Lee Pui Ching.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the nomination committee are formulating nomination policy and making recommendations to the Board on nomination and appointment of directors and board succession. The nomination committee comprises of one executive Director, namely Mr. Lee Chun Wai (chairman of the nomination committee) and two independent non-executive Directors, namely Ms. Lee Pui Ching and Ms. Lau Mei Suet.

AUDIT COMMITTEE

The Company has established an audit committee (“Audit Committee”) with written terms of reference in compliance with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the audit committee are to review and to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises of three independent non-executive Directors, namely Ms. Lau Mei Suet (chairlady of the audit committee), Mr. Choi Tak Fai and Ms. Lee Pui Ching.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 and is of the opinion that the preparation of such results complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and has been adequately disclosed.

By order of the Board
Vinco Financial Group Limited
Lee Chun Wai
Chairman

Hong Kong, 11 May 2022

As at the date of this report, the executive directors of the Company are Mr. Lee Chun Wai and Mr. Lee Chan Wah; the non-executive Director is Dr. Leung Kin Cheong Laurent; and the independent non-executive Directors are Mr. Choi Tak Fai, Ms. Lee Pui Ching and Ms. Lau Mei Suet.