VINCO 城高

VINCO FINANCIAL GROUP LIMITED

城 高 金 融 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8340

Annual Report 2014

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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 of Vinco Financial Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to Vinco Financial Group Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Chung Ho Yan (Chairman)
Mr. Lam Yick Hing

Independent Non-executive Directors

Mr. Yip Tai Him
Mr. Lee Wing Lun
Mr, Tam King Ho, Howard

COMPANY SECRETARY

Mr. Tang Wai Shun, Leon, HKICPA, CPA

AUTHORISED REPRESENTATIVES

Mr. Chung Ho Yan
Mr. Lam Yick Hing

AUDIT COMMITTEE

Mr. Yip Tai Him (Chairman)
Mr. Lee Wing Lun
Mr, Tam King Ho, Howard

NOMINATION COMMITTEE

Mr. Chung Ho Yan (Chairman)
Mr. Lee Wing Lun
Mr, Tam King Ho, Howard

REMUNERATION COMMITTEE

Mr. Lee Wing Lun (Chairman)
Mr. Chung Ho Yan
Mr, Tam King Ho, Howard

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 4909–10, 49/F
The Center
99 Queen's Road Central
Hong Kong

AS TO CAYMAN ISLANDS LAW

Appleby
2206–19
Jardine House
1 Connaught Place
Central, Hong Kong

AUDITORS

Crowe Horwath (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

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.vinco.com.hk

STOCK CODE

8340

Chairman's Statement

BUSINESS REVIEW

The Group continued to focus on its principal business in relation to the provision of corporate finance advisory business in Hong Kong. Last year was a tough year for the Group due to the domestic uncertainties. Despite this unfavorable local market situation, we have completed over twenty corporate finance related transactions.

APPRECIATION

On behalf of the board of directors, I would like to express my deepest gratitude to our shareholders. I would also like to thank my fellow board members and colleagues for their dedication and contribution in the past year.

Chung Ho Yan
Chairman

Hong Kong, 23 March 2015

Management Discussion And Analysis

FINANCIAL REVIEW

Results of the Group

The turnover of the Group was approximately HK$10.10 million during the year (2013: approximately HK$15.07 million). The net loss attributable to shareholders of the Group for the year ended 31 December 2014 was approximately HK$6.05 million (2013: profit of approximately HK$0.77 million).

As at 31 December 2014, the Group had total assets of approximately HK$21.36 million (2013: approximately HK$27.31 million).The net assets value of the Group was approximately HK$20.88 million as at 31 December 2014 (2013: approximately HK$26.94 million).

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$19.98 million as at 31 December 2014. 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 Group comprises only ordinary shares. As at 31 December 2014, the total number of the ordinary shares of the Group in issue was 640,000,000 shares.

Charge on Group's assets

As at 31 December 2014, the Group did not have any charge on its assets (2013: nil).

Hedging

Since majority 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 2014, the Group had a workforce of 15 employees (2013: 15). The total staff costs, including the directors' emoluments, amounted to HK$7.68 million for the year under review (2013: approximately HK$7.64 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.

The details of retirement benefit schemes of the Group are set out in note 10 to the financial statements.

Contingent liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities (2013: nil).

Management Discussion And Analysis

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2014 and has never been engaged in any investment of structured securities and/or products.

Outlook

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. In cope with the uncertainties 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.

Biographical Details Of Directors And Senior Management

EXECUTIVE DIRECTORS

Mr. Chung Ho Yan, aged 42, is the founder, an executive Director and chairman of the Group. He is responsible for formulating corporate strategy, business development as well as overseeing the operations of the Group. Mr. Chung holds a bachelor's degree in commerce and a master's degree in business administration. Mr. Chung entered the financial industry in mid-1990s and has become a responsible officer as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") since 2003.

Mr. Lam Yick Hing, aged 43, joined the Group in 2005 and has been appointed as executive director of the Group since July 2012. Mr. Lam is responsible for managing transactions in relation to corporate finance advisory services, supervising staff and daily operations of the Group. Mr. Lam obtained a bachelor's degree in accounting and a master's degree in business administration. He has over 18 years of experience in financial service industry and strategic development. Mr. Lam is a licensed person under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) permitted to carry out Type 6 (advising on corporate finance) regulated activity since July 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Tai Him, aged 44, has over 20 years of experience in auditing, accounting and corporate finance. He is a member of the Institute of Chartered Accountants in England and Wales and Hong Kong Institute of Certified Public Accountants. Mr. Yip is currently an independent non-executive director of China Communication Telecom Services Company Limited(stock code: 8206) (since October 2002) listed on the GEM; an independent non-executive director of China Media and Films Holdings Limited (stock code: 8172) (since December 2008) listed on the GEM; an independent non-executive director of GCL-Poly Energy Holdings Limited (stock code: 3800) (since March 2009) listed on the Main Board and an independent non-executive director of Redco Properties Group Limited (stock code: 1622) (since January 2014) listed on the Main Board. Mr. Yip joined the Group in May 2008.

Mr. Lee Wing Lun, aged 55, holds a bachelor's degree in commerce. He is a member of the Hong Kong Institute of Certified Public Accountants, the Australian Society of Certified Practising Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He has over 15 years of working experience in auditing and accounting. Mr. Lee joined the Group in May 2008.

Mr. Tam King Ho, Howard, aged 51, holds a master degree in business administration. He is a member of the Institute of Certified Management Accountants. Mr. Tam has over 10 years of experience in the financial sector. He is currently the responsible officer of JCH Capital Asia Limited. Mr. Tam joined the Group in April 2014.

SENIOR MANAGEMENT

Mr. Tang Wai Shun, Leon, aged 43, is the qualified accountant and company secretary of the Company. He holds a bachelor's degree in commerce. He has over 15 years of experience in auditing and accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and the Australian Society of Certified Practising Accountants. Mr. Tang joined the Group in December 2007.

Directors' Report

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of Vinco Financial Group Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of financial services in Hong Kong. There was no significant change in its activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 23 to 59.

The directors do not recommend the payment of any dividend for the year ended 31 December 2014 (no final dividend for the year ended 31 December 2013).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 27 April 2015 to Wednesday, 29 April 2015, 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, 24 April 2015.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 14 to the financial statements.

PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Directors' Report

SHARE CAPITAL AND SHARE OPTIONS

Details of changes in the Company's share capital and share options during the year, together with the reasons thereof, are set out in note 17 to the financial statements respectively. The Group has no outstanding share options issued as at 31 December 2014.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors of the Company, as at the latest practicable date prior to the issue of this report, there is sufficient public float in the issued share capital of the Company pursuant to the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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.

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for year ended 31 December 2014 is set out on page 60 of the annual report.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 17 to the financial statements and in the consolidated statement of changes in equity on page 28 respectively.

Directors' Report

MAJOR CUSTOMERS

In the year under review, the Group's five largest customers accounted for approximately 64.81% of the Group's turnover and the largest customer included therein accounted for approximately 30.73% of the Group's turnover.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Chung Ho Yan (Chairman)
Mr. Lam Yick Hing

Independent non-executive directors:

Mr. Yip Tai Him
Mr. Lee Wing Lun
Mr. Tam King Ho, Howard

The terms of office of each director are subject to retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on page 7 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 December 2014, the interests or short positions of the Directors and the chief executives of the Company in the shares ("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 ("SFO")) which were 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 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 in 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:

Interest in the Company

Name of director	Nature of interest	Number of shares directly and beneficially owned	Percentage of the Company's issued share capital
Mr. Chung Ho Yan (Note 1)	Beneficial owner/ through controlled corporation	346,400,000	54.13%

Note:

1. Mr. Chung Ho Yan ("Mr. Chung") is the beneficial owner of 100% of the issued share capital of Vinco Asia Limited. Mr. Chung is deemed to be interested in 326,400,000 Shares held by Vinco Asia Limited under the SFO.

During the year ended 31 December 2014, there were no debt securities issued by the Group at any time.

Save as disclosed herein, as at 31 December 2014, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any 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.

Directors' Report

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

For the year ended 31 December 2014, 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:

Interest in the Company

Name	Nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Chung Ho Yan (Note 1)	Beneficial owner/ through controlled corporation	346,400,000	54.13%
Vinco Asia Limited (Note 1)	Beneficial interest	326,400,000	51.00%
Chiu Lai Yee	Beneficial interest	96,000,000	15.00%

Note:

1. 20,000,000 shares of the Company were held by Mr. Chung and 326,400,000 shares of the Company were held by Vinco Asia Limited, an investment holding company incorporated under the laws of the BVI with limited liability, is wholly and beneficially owned by Mr. Chung.

During the year ended 31 December 2014, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2014, 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' Report

GROUP'S EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are approved by the board of directors, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme (the "Scheme") as an incentive to directors and eligible employees, details of the scheme are set out as below:

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted. The Scheme became effective on 20 May 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

No share option was granted, exercised, expired or lapsed under scheme under the year.

RELATED PARTY TRANSACTIONS

Details of the discloseable connected transactions of the Group are set out in note 20 to the financial statements.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 15 to 22 of the annual report.

Directors' Report

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2014, the directors are not aware of any business or interest of the directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

AUDITOR

The consolidated financial statements for the year ended 31 December 2014 were audited by Crowe Horwath (HK) CPA Limited. A resolution for the re-appointment of Crowe Horwath (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Chung Ho Yan
Chairman

Corporate Governance Report

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 2014, 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.

Chairman and Chief Executive Officer:

The code provision A.2.1 of the CG Code and Report states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Chung Ho Yan is the Chairman and the Chief Executive Officer of the Company. As the Company's size is still relatively small and thus is not justified in separating the role of chairman and chief executive officer of the Company. The Group has in place internal control system to perform the check and balance function.

The responsibilities of Mr. Chung Ho Yan is to decide the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda and to ensure the Board works effectively and performs its responsibilities, and all key and appropriate issues are discussed by the Board. Mr. Chung Ho Yan is responsible for providing leadership, vision and direction in the development of the business as well as the day-to-day management of the business of the Group.

Non-executive Directors:

The code provision A.4.1 of the CG Code and Report states that non-executive Directors should be appointed for specific terms, subject to re-election.

The Company has deviated from this provision in that all independent non-executive Directors are not appointed for specific terms. They are, however, subject to retirement by rotation at least once every three years as all Directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

BOARD OF DIRECTORS

The Company is governed by the Board, which has assumed the responsibility for the Group's leadership and control. The Directors are collectively responsible for promoting the Group's success by directing and supervising the Group's affairs. The Board sets strategies and directions for the Group's affairs and activities with a view to develop its business and to enhance shareholders value.

Corporate Governance Report

The Board currently comprises two executive Directors and three independent non-executive Directors. The composition of the Board and biographies of the Directors are set out on page 7 of this report. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

The Board met 4 times during the year ended 31 December 2014. Its composition and the attendance of individual directors at these board meetings were as follows:

Name	**Number of attendance**
Executive Directors	
Chung Ho Yan	4/4
Lam Yick Hing	1/4
Independent Non-executive Directors	
Yip Tai Him	4/4
Lee Wing Lun	4/4
Tam King Ho, Howard	4/4

There is no relationship (including financial, business, family or other material relationship) among members of the Board.

In compliance with Rules 5.01 and 5.02 of the GEM Listing Rules, the Company has three independent non-executive Directors (the "INED(s)") who, together with the executive Directors, are responsible for formulating the Group's development strategies. They ensure that the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure that the Company maintains appropriate system to protect the interests of the Company and its, shareholders. The Group considered the INEDs to be independent in accordance with each and every guideline set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

The Board has established three committees: Nomination Committee, Remuneration Committee and Audit Committee. All of the committees have terms of reference which accord with the principles set out in the CG Code and Report. More details of these committees are set out in separate sections in this report.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Corporate Governance Report

APPOINTMENTS, RE-ELECTION AND REMOVAL

In accordance with the Articles of Association of the Company, (i) all Directors will be subject to retirement by rotation on every three years and the new Directors appointed by the Board to fill a causal vacancy during the year shall be subject to re-election by the shareholders of the Company at the next following general meeting after appointment; and (ii) one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third), shall retire from office by rotation and being eligible offer themselves for re-election at each annual general meeting.

The Board recommended the re-appointment of the retiring Directors standing for re-election at the forthcoming annual general meeting of the Company. Details of the information of the retiring Directors standing for re-election are set out in the circular accompany the notice of the annual general meeting.

BOARD DIVERSITY

For the year ended 31 December 2014, the Company has complied with Code Provision A.5.6 in the revised Corporate Governance Code and Corporate Governance Report.

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. The Company aims to achieve diversity of its board members through consideration of a number of factors, including but not limited to skills, regional and educational background and professional and industry experience.

TRAINING AND SUPPORT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code and Report effective on 1 April 2012 on Directors' training. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge.

Name of Directors	Training received
Chung Ho Yan	— Reading materials/in house briefing on regulatory and corporate governance matters
Lam Yick Hing	— Reading materials/in house briefing on regulatory and corporate governance matters
Yip Tai Him	— Reading materials/in house briefing on regulatory and corporate governance matters
Lee Wing Lun	— Reading materials/in house briefing on regulatory and corporate governance matters
Tam King Ho, Howard	— Reading materials/in house briefing on regulatory and corporate governance matters

Corporate Governance Report

BOARD PROCESS

Proposed regular board meeting dates are informed to each Director in advance. Formal notice of at least 7 clear business days will be given in respect of a regular meeting. For special board meeting, reasonable notice will be given. Directors participated, either in person or through other electronic means of communication in the Board meetings.

The Board of directors meets regularly at least 4 times a year. The Directors participated in person or through other means of communication. All notices of board meetings were given to all Directors, who were given an opportunity to include matters in the agenda for discussion.

All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary. Minutes of each board meeting will be kept and are open for inspection at any reasonable time on request by any Director.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "Code").

The Company has made specific enquiry of all Directors of the Company and the Directors have confirmed compliance with the Code during the year ended 31 December 2014.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code. No incident of non-compliance was noted by the Company for the year ended 31 December 2014.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 22 April 2008 with written terms of reference. The Nomination Committee has 3 members, comprising Mr. Chung Ho Yan (Executive Director), Mr. Lee Wing Lun (Independent Non-executive Director) and Mr. Tam King Ho, Howard (Independent Non-executive Director). The Committee is chaired by Mr. Chung Ho Yan.

The terms of reference of the Nomination Committee have been determined with reference to the CG Code and Report.

Corporate Governance Report

The Nomination Committee is responsible for identifying potential new directors and recommends to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment. Under the Articles of Association of the Company, all directors are subject to retirement by rotation and re-election by shareholders every 3 years.

Potential new directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 22 April 2008 with written terms of reference. The Remuneration Committee has 3 members, comprising Mr. Lee Wing Lun (Independent Non-executive Director and chairman of the Remuneration Committee), Mr. Chung Ho Yan (Executive Director) and Mr. Tam King Ho, Howard (Independent Non-executive Director). The remuneration committee is responsible for formulating and making recommendations to the Board the remunerations policy, determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board of the remuneration of non-executive Directors.

The Remuneration Committee met once during the year ended 31 December 2014 and all the members attended the meeting.

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. Yip Tai Him, Mr. Lee Wing Lun and Mr. Tam King Ho, Howard. The Audit Committee members have reviewed this Annual Report and have provided advice and comments thereon.

The Audit Committee held 4 meetings for the year ended 31 December 2014. Its composition and attendance of individual members at these Audit Committee meetings are as follows:

Members of the Audit Committee	**Number of attendance**
Mr. Yip Tai Him	4/4
Mr. Lee Wing Lun	4/4
Mr. Tam King Ho, Howard	4/4

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts of the Company. The Directors have prepared the financial statements on the assumption that the Group will continue as a going concern by taking into consideration that the holding company has agreed to provide adequate financial support to the Group to enable it to meet all its financial obligations as they fall due. The Directors are not aware of any other material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditor about their financial reporting are set out in the Independent Auditor's Report on page 23 of this report.

AUDITOR'S REMUNERATION

During the year, remuneration paid/payable to auditors for audit services of the Group were approximately HK$150,000.

INTERNAL CONTROL

The Board is responsible for the maintenance of a sound and effective internal control system of the Group and has established the Group's internal control policies and procedures for monitoring the internal control system. The internal control system of the Group is designed for the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure maintenance of proper books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The management and various departments conduct periodic self-assessment of the effectiveness of the internal control policies and procedures. Besides, the Board reviews at least annually the overall effectiveness of the Group's internal control system.

The Board is of the view that the Group's internal control system is effective to achieve the Group's internal control objectives and will continue to assess the effectiveness of internal controls by considering reviews performed by the Audit Committee and executive management.

SHAREHOLDERS RELATIONS

The Group is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries. The Company also updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company has provided an effective communication platform to the public and the shareholders.

Corporate Governance Report

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders and established a range of communication channels between itself, its shareholders and investors which in compliance with GEM Listing Rules. During the year under review, there is no change in the Company's constitutional documents.

ENVIRONMENTAL PROTECTION

We implement policies and practices that help conserve resources, improve energy efficiency and raise environmental awareness among our staff. We are committed to building an environmentally-friendly corporation that pays close attention to conserving the Earth's natural resources. We strive to minimise our environmental impact while ensuring high standards in our service quality. We focus on paper and toner usage throughout all of our daily operation and we have always been devoted to reduce energy consumption as we closely monitor energy consumption at our offices.

GROWTH AND DEVELOPMENT

In order to fully develop staff competence and potential, the Group has an employee handbook in place for the employees to understand the policy of the Group. To equip staff members with necessary skills and knowledge to meet future challenges and professional requirements, especially those who are involved in regulated businesses and activities, the Group encourages the employees to attend a wide range of training in the areas of regulatory requirements, compliance and Code of Conduct.

HARMONIOUS WORKPLACE

By offering competitive remuneration packages and comprehensive fringe benefits to our employees, our staff turnover rate remains stable, while job performance and productivity are maintained at satisfactory levels.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 64 of the Articles of Association of the Company, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in article 113 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of company secretary, by fax: (852) 2865 4339 or mail to Units 4909–4910, 49/F, The Center, 99 Queen's Road Central, Hong Kong.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders as well as the public to make rational and informed decisions.

Independent Auditor's Report

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VINCO FINANCIAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vinco Financial Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 25 to 59, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 23 March 2015

Lam Cheung Shing
Practising Certificate Number P03552

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Turnover	5	**10,095**	15,065
Operating expenses		**(16,147)**	(14,291)
(Loss)/profit from operations and before taxation	6	**(6,052)**	774
Income tax	7	**—**	—
(Loss)/profit for the year and attributable to equity shareholders of the Company	11	**(6,052)**	774
Other comprehensive income for the year (net of nil tax)		**—**	—
Total comprehensive (loss)/income for the year and attributable to equity shareholders of the Company		**(6,052)**	774
(Loss)/earnings per share	12		
— Basic and diluted		**(0.95) cents**	0.12 cents

The notes on pages 30 to 59 form part of these financial statements.

Consolidated Statement Of Financial Position

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Plant and equipment	13	**97**	75
Rental deposits paid		**—**	955
		97	1,030
Current assets			
Trade and other receivables	15	**1,277**	1,795
Cash and cash equivalents	16	**19,982**	24,489
		21,259	26,284
Current liabilities			
Accrued expenses		**372**	378
Receipt in advance		**100**	—
		472	378
Net current assets		**20,787**	25,906
NET ASSETS		**20,884**	26,936
Capital and reserves	17		
Share capital		**6,400**	6,400
Reserves		**14,484**	20,536
TOTAL EQUITY		**20,884**	26,936

Approved and authorised for issue by the board of directors.

Mr. Chung Ho Yan
Director

Mr. Lam Yick Hing
Director

The notes on pages 30 to 59 form part of these financial statements.

Statement Of Financial Position

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	*14*	**100**	100
Current assets			
Due from a subsidiary	*14*	**11,900**	11,900
Cash and cash equivalents	*16*	**4,743**	5,002
		16,643	16,902
Net current assets		**16,643**	16,902
NET ASSETS		**16,743**	17,002
Capital and reserves	*17*		
Share capital		**6,400**	6,400
Reserves		**10,343**	10,602
TOTAL EQUITY		**16,743**	17,002

Approved and authorised for issue by the board of directors.

Mr. Chung Ho Yan
Director

Mr. Lam Yick Hing
Director

The notes on pages 30 to 59 form part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2014

	Attributable to equity shareholders of the Company					
		Reserves				
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Total equity HK$'000
Balance at 1 January 2013	6,400	11,887	9,900	(2,025)	19,762	26,162
Changes in equity for 2013:						
Profit for the year	—	—	—	774	774	774
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	774	774	774
Balance at 31 December 2013 and 1 January 2014	6,400	11,887	9,900	(1,251)	20,536	26,936
Changes in equity for 2014:						
Loss for the year	—	—	—	(6,052)	(6,052)	(6,052)
Other comprehensive income	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	(6,052)	(6,052)	(6,052)
Balance at 31 December 2014	6,400	11,887	9,900	(7,303)	14,484	20,884

The notes on pages 30 to 59 form part of these financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Operating activities			
(Loss)/profit before taxation		**(6,052)**	774
Adjustments for:			
Depreciation		**32**	32
Changes in working capital:			
Decrease/(increase) in rental deposits paid		**955**	(955)
Decrease in trade and other receivables		**518**	524
(Decrease)/increase in accrued expenses		**(6)**	117
Increase/(decrease) in receipt in advance		**100**	(170)
Net cash (used in)/generated from operations		**(4,453)**	322
Tax paid		**—**	—
Net cash (used in)/generated from operating activities		**(4,453)**	322
Investing activities			
Payment for purchase of plant and equipment		**(54)**	(27)
Net cash used in investing activities		**(54)**	(27)
Financing activities		**—**	—
Net (decrease)/increase in cash and cash equivalents		**(4,507)**	295
Cash and cash equivalents at 1 January		**24,489**	24,194
Cash and cash equivalents at 31 December	*16*	**19,982**	24,489

The notes on pages 30 to 59 form part of these financial statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

Vinco Financial Group Limited (the "Company") was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 May 2008. The addresses of the registered office and principal place of business of the Company are Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1–1108 and Units 4909–4910, 49/F., The Center, 99 Queen's Road Central, Hong Kong respectively. The principal activity of the Company is investment holding and those of its principal subsidiaries are engaged in the provision of financial services in Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

a) *Statement of compliance*

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) *Basis of preparation of the financial statements*

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as "the Group").

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

c) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c) *Subsidiaries* *(Continued)*

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 2(g)), unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

d) *Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(g)).

Gains or losses arising from the retirement or disposal of items of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture and fixtures	10 years
Office equipment	5 years
Leasehold improvements	Over the lease term

Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

e) *Leased assets*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e) Leased assets *(Continued)*

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance lease. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

g) Impairment of assets

i) Impairment of trade and other receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) *Impairment of assets* *(Continued)*

i) *Impairment of trade and other receivables* *(Continued)*

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— plant and equipment; and

— investments in subsidiaries in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

g) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

h) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

j) *Employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

k) *Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Income tax *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Income from provision of financial services

Income from provision of financial services is recognised at the time when the services are rendered.

ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n) Related parties

a) A person, or a close member of that person's family, is related to the Group if that person:

i) has control or joint control over the Group;

ii) has significant influence over the Group; or

iii) is a member of the key management personnel of the Group or the Group's parent.

b) An entity is related to the Group if any of the following conditions applies:

i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

o) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the executive directors of the Company, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Notes To The Financial Statements

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment Entities*
- Amendments to HKAS 32, *Offsetting Financial Assets and Financial Liabilities*
- Amendments to HKAS 36, *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to HKAS 39, *Novation of Derivatives and Continuation of Hedge Accounting*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statement.

Notes To The Financial Statements

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36, Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU, Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39, Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Notes To The Financial Statements

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HK(IFRIC) 21, Levies

The Group has applied HK(IFRIC) — Int 21 *Levies* for the first time in the current year. HK(IFRIC) — Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operation in a future period.

HK(IFRIC) — Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

The key sources of estimation uncertainty are as follows:

i) Impairment of plant and equipment

If circumstances indicate that the carrying amount of plant and equipment may not be recoverable, the asset may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of assets". The carrying amounts of plant and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of revenue and the amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates and assumptions could have a significant impact on the carrying amounts of the assets and could result in impairment charge in the future periods.

The carrying amount of plant and equipment as at 31 December 2014 was HK$97,000 (2013: HK$75,000).

Notes To The Financial Statements

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

ii) *Impairment of receivables*

Receivables that are measured at cost or amortised cost are reviewed at the end of each reporting date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is a change in the objective evidence of impairment in relation to the debtor, the impairment loss would be higher or lower than the allowance for doubtful debts recognised in the financial statements.

The carrying amount of loans and receivables as at 31 December 2014 was HK$280,000 (2013: HK$1,790,000).

iii) *Provision for deferred tax*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and/or unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

The carrying amount of deferred tax assets/liabilities as at 31 December 2014 was HK$Nil (2013: HK$Nil).

iv) *Depreciation of plant and equipment*

Plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The management reviews periodically the useful life of an asset and its residual value. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

The carrying amount of plant and equipment as at 31 December 2014 was HK$97,000 (2013: HK$75,000).

Notes To The Financial Statements

5. TURNOVER AND SEGMENT REPORTING

a) *Turnover*

The principal activity of the Group is the provision of financial services in Hong Kong. Turnover represents revenue from the provision of financial services for the years ended 31 December 2014 and 2013.

b) *Segment reporting*

During the year ended 31 December 2014, the Group operates in a single operating segment in Hong Kong, i.e. the provision of financial services in Hong Kong. Accordingly, no operating segment nor geographical information are presented.

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

	2014 **HK$'000**	2013 HK$'000
Customer A	**3,103**	4,700
Customer B	**—**	4,115
Customer C	**1,500**	—

6. (LOSS)/PROFIT FROM OPERATIONS AND BEFORE TAXATION

(Loss)/profit from operations and before taxation is arrived at after charging:

	2014 **HK$'000**	2013 HK$'000
a) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan (note 10)	**108**	95
Salaries and other benefits	**7,567**	7,541
	7,675	7,636

	2014 **HK$'000**	2013 HK$'000
b) Other items:		
Auditor's remuneration		
— audit services	**150**	155
Depreciation	**32**	32
Operating lease charges in respect of office premises	**2,934**	2,937

Notes To The Financial Statements

7. INCOME TAX

a) *Taxation in the consolidated statement of profit or loss and other comprehensive income*

No Hong Kong Profits Tax has been made in these consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for the year ended 31 December 2014.

No provision for Hong Kong Profits Tax for the year ended 31 December 2013 has been made in the consolidated financial statements as the Group has accumulated tax losses brought forward which exceeds the estimated assessable profits arising in Hong Kong.

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

b) *Reconciliation between tax expense and accounting (loss)/profit at applicable tax rate:*

	2014 **HK$'000**	2013 HK$'000
(Loss)/profit before taxation	**(6,052)**	774
Notional tax on (loss)/profit before taxation, calculated at a rate of 16.5% (2013: 16.5%)	**(998)**	128
Tax effect of non-deductible expenses	**47**	65
Tax effect of unused tax losses not recognised	**961**	7
Tax effect of prior years' tax losses utilised this year	**—**	(193)
Others	**(10)**	(7)
Actual tax expense	**—**	—

c) *Deferred tax assets and liabilities not recognised*

At 31 December 2014, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$7,962,000 (2013: HK$2,138,000) as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

There were no significant unrecognised deferred tax liabilities as at 31 December 2014 and 2013.

Notes To The Financial Statements

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of schedule 11 to the new Hong Kong Companies Ordinance (cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (cap. 32) is as follows:

Year ended 31 December 2014

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Chung Ho Yan, Chief Executive Officer	**—**	**1,996**	**16**	**2,012**
Mr. Lam Yick Hing	**—**	**916**	**16**	**932**
Independent Non-executive Directors				
Mr. Yip Tai Him	**36**	**—**	**—**	**36**
Mr. Lee Wing Lun	**36**	**—**	**—**	**36**
Mr. Tam King Ho, Howard (appointed on 16 April 2014)	**26**	**—**	**—**	**26**
Mr. William Wu (retired on 16 April 2014)	**11**	**—**	**—**	**11**
	109	**2,912**	**32**	**3,053**

Year ended 31 December 2013

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Chung Ho Yan, Chief Executive Officer	—	1,995	15	2,010
Mr. Lam Yick Hing	—	960	15	975
Independent Non-executive Directors				
Mr. Yip Tai Him	36	—	—	36
Mr. William Wu	36	—	—	36
Mr. Lee Wing Lun	36	—	—	36
	108	2,955	30	3,093

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' REMUNERATION *(Continued)*

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Company or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2014 and 2013.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2013: two) are directors whose emoluments are disclosed in note 8 above. The aggregate of the emoluments in respect of other three (2013: three) individuals are as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other emoluments	**3,021**	2,959
Retirement scheme contributions	**36**	41
	3,057	3,000

The emoluments of three (2013: three) individuals with the highest emoluments are within the following bands:

	2014 **Number of individuals**	2013 Number of individuals
HK$Nil–HK$1,000,000	**2**	2
HK$1,500,001–HK$2,000,000	**1**	1
HK$2,000,001–HK$2,500,000	**—**	—

There was no amount paid during the years ended 31 December 2014 and 2013 to the five highest paid employees as inducement to join on upon joining the Group or as compensation for loss of office.

Notes To The Financial Statements

10. DEFINED CONTRIBUTION RETIREMENT PLAN

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to 1 June 2014). Contributions to the plan vest immediately.

11. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of approximately HK$259,000 (2013: HK$284,000) which has been dealt with in the financial statements of the Company.

12. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basis (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK$6,052,000 (2013: profit of approximately HK$774,000) and the weighted average of 640,000,000 (2013: 640,000,000) ordinary shares in issue during the year.

b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2014 and 2013, and diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

Notes To The Financial Statements

13. PLANT AND EQUIPMENT

The Group

	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost				
At 1 January 2013	239	193	389	821
Additions	—	27	—	27
At 31 December 2013	239	220	389	848
At 1 January 2014	239	220	389	848
Additions	—	54	—	54
At 31 December 2014	239	274	389	902
Accumulated depreciation				
At 1 January 2013	194	158	389	741
Charge for the year	14	18	—	32
At 31 December 2013	208	176	389	773
At 1 January 2014	208	176	389	773
Charge for the year	13	19	—	32
At 31 December 2014	221	195	389	805
Carrying amount				
At 31 December 2014	18	79	—	97
At 31 December 2013	31	44	—	75

Notes To The Financial Statements

14. INVESTMENTS IN SUBSIDIARIES AND DUE FROM A SUBSIDIARY

	The Company	
	2014	2013
	HK$'000	HK$'000
Investments in subsidiaries		
Unlisted shares, at cost	**100**	100
Amount due from a subsidiary	**11,900**	11,900

a) The balance with the subsidiary is unsecured, non-interest bearing and repayable on demand. No provision for bad and doubtful debts has been made in respect of the amount due from a subsidiary.

b) The following list contains the particulars of the subsidiaries at 31 December 2014.

			Proportion of ownership interest		
Name of company	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Principal activities**
Grand Vinco Capital Limited ("Vinco Capital")	Hong Kong	10,000,000 ordinary shares	100%	100%	Provision of financial services
Vinco Financial Limited	Hong Kong	1 ordinary share	100%	100%	Provision of financial services

Notes To The Financial Statements

15. TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	HK$'000	HK$'000
Trade debtors	**280**	1,790
Less: allowance for doubtful debts	**—**	—
Loans and receivables	**280**	1,790
Deposits and prepayments	**997**	5
	1,277	1,795

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 debtors (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:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**280**	1,790

Trade debtors are due within 60 days from the date of billing. Further details on the Group's credit policy are set out in note 18(a)(i).

b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(g)(i)).

During the years ended 31 December 2014 and 2013, there was no impairment loss made against the trade debtors.

Notes To The Financial Statements

15. TRADE AND OTHER RECEIVABLES *(Continued)*

c) *Trade debtors that are not impaired*

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**280**	1,790

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

16. CASH AND CASH EQUIVALENTS

	The Group		*The Company*	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank	**19,982**	24,489	**4,743**	5,002

As at 31 December 2014, cash at banks carry interest at market rates which is 0.001% (2013: 0.001%) per annum.

Notes To The Financial Statements

17. CAPITAL, RESERVES AND DIVIDENDS

a) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

		Reserves			
	Share capital HK$'000	**Share premium** HK$'000	**Accumulated losses** HK$'000	**Subtotal** HK$'000	**Total equity** HK$'000
Balance at 1 January 2013	6,400	11,887	(1,001)	10,886	17,286
Changes in equity for 2013:					
Loss for the year	—	—	(284)	(284)	(284)
Other comprehensive income	—	—	—	—	—
Total comprehensive loss for the year	—	—	(284)	(284)	(284)
Balance at 31 December 2013 and 1 January 2014	6,400	11,887	(1,285)	10,602	17,002
Changes in equity for 2014:					
Loss for the year	—	—	(259)	(259)	(259)
Other comprehensive income	—	—	—	—	—
Total comprehensive loss for the year	—	—	(259)	(259)	(259)
Balance at 31 December 2014	6,400	11,887	(1,544)	10,343	16,743

b) *Dividends*

The directors of the Company do not propose the payment of any dividend in respect of the years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

c) *Share capital*

	2014 Number of share	HK$'000	2013 Number of share	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**200,000,000,000**	**2,000,000**	200,000,000,000	2,000,000
Ordinary shares, issued and fully paid:				
Ordinary shares of HK$0.01 each	**640,000,000**	**6,400**	640,000,000	6,400

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

d) *Nature and purpose of reserves*

i) *Share premium*

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

ii) *Merger reserve*

The merger reserve of the Group represents the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares used by the Company in exchange thereafter.

e) *Distributability of reserves*

As at 31 December 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$10,343,000 (2013: HK$10,602,000). Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the payment of distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, distributions shall be payable out of the profits or other reserves, including the share premium account, of the Company.

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. In order to balance its overall capital structure, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. The Group's overall strategy remains unchanged throughout the year.

Vinco Capital, a wholly-owned subsidiary of the Company, provides financial services to its customers and is subject to capital requirements imposed by the Securities and Futures Commission ("SFC"). The Group monitors the financial position of Vinco Capital in order to ensure that Vinco Capital maintains a liquid capital level adequate to support the level of activities and meet the capital requirements imposed by SFC. During the years ended 31 December 2014 and 2013, Vinco Capital complied with the capital requirements imposed by SFC.

Other than the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes To The Financial Statements

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

a) *Financial risk factors*

Exposure to credit and liquidity risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

i) *Credit risk*

The Group's and the Company's credit risks are primarily attributable to trade and other receivables, amount due from a subsidiary and cash at bank. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

In respect of the amount due from the subsidiary, the Company reviews the recoverable amount of the amount due from a subsidiary at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the management considers that the Company's credit risk is significantly reduced.

In respect of cash at bank, the Group and the Company limit their exposure to credit risk by placing deposits with financial institutions that meet the established credit rating. Given these high credit standing, the management does not expect any counterparty to fail to meet its obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group does not have any significant concentrations of credit risk.

Other than concentration of credit risk on the amount due from a subsidiary, the Company does not have any other significant concentration of credit risk.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

a) *Financial risk factors* *(Continued)*

ii) *Liquidity risk*

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The total contractual undiscounted cash flows of the Group's and the Company's non-derivative financial liabilities are not materially different from their carrying amounts as their remaining contractual maturities were within one year.

b) *Fair value*

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013.

19. OPERATING LEASE COMMITMENTS

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 1 year	**2,667**	2,934
After 1 year but within 5 years	**—**	2,667
	2,667	5,601

The leases typically run for an initial period of two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

20. MATERIAL RELATED PARTY TRANSACTIONS

a) *Key management personnel remuneration*

All members of key management personnel are directors of the Company, and the remuneration for them is disclosed in note 8 and is as follows:

	2014	2013
	HK$'000	HK$'000
Short-term employee benefits	**3,021**	3,063
Post-employment benefits	**32**	30
	3,053	3,093

b) *Other related party transactions*

The Group paid salaries and allowances of approximately HK$1,927,000 (2013: HK$1,915,000) and contributions to retirement benefits scheme of approximately HK$16,000 (2013: HK$15,000) to a close family member of a director of the Company during the year ended 31 December 2014.

The directors confirmed that the above related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms.

21. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2014, the directors of the Company consider that the immediate and ultimate parent of the Company to be Vinco Asia Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use. The ultimate controlling party is Mr. Chung Ho Yan, the Chairman of the Company.

NOTES TO THE FINANCIAL STATEMENTS

22. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issuance of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[5]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[5]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[5]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contribution*[4]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[5]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKAS 1	*Disclosure Initiative*[5]
Amendments to HKFRS10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[5]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010–2012 Cycle*[6]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011–2013 Cycle*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, “Accounts and Audit”, of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company’s first financial year commencing after 3 March 2014 (i.e. the Company’s financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

Financial Summary

Annual results for the three years ended 31 December 2014

	For the year ended 31 December		
	2012	2013	**2014**
	HK$'000	HK$'000	**HK$'000**
Turnover	16,988	15,065	**10,095**
Net profit/(loss) attributable to the equity holders of the Company	1,174	774	**(6,052)**

	As at 31 December		
	2012	2013	**2014**
	HK$'000	HK$'000	**HK$'000**
Total assets	26,513	27,314	**21,356**
Total liabilities	431	378	**472**
Total equities	26,162	26,936	**20,884**