VINCO 城高

VINCO FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8340

Annual Report 2017

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

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 GEM 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. Lee Wing Lun
Mr, Tam King Ho, Howard
Mr. Law Chor Yam

COMPANY SECRETARY

Mr. Tang Wai Shun, Leon, HKICPA, CPA

AUTHORISED REPRESENTATIVES

Mr. Chung Ho Yan
Mr. Lam Yick Hing

AUDIT COMMITTEE

Mr. Lee Wing Lun (Chairman)
Mr, Tam King Ho, Howard
Mr. Law Chor Yam

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

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 provisional of corporate financial advisory services in Hong Kong. Despite the unstable market situation, we have completed over twelve corporate finance advisory related projects and five initial public offering project as of 31 December 2017.

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, 26 March 2018

Management Discussion And Analysis

FINANCIAL REVIEW

Results of the Group

The revenue of the Group was approximately HK$36.04 million during the year (2016: approximately HK$18.04 million). The net profit attributable to owners of the Group for the year ended 31 December 2017 was approximately HK$13.38 million (2016: approximately HK$1.47 million).

As at 31 December 2017, the Group had total assets of approximately HK$39.40 million (2016: approximately HK$25.75 million).The net assets value of the Group was approximately HK$36.27 million as at 31 December 2017 (2016: approximately HK$24.89 million).

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$36.45 million as at 31 December 2017. 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.

Final Dividend

During the year ended 31 December 2017, the Group declared and paid a third quarter dividend of HK$2 million. The Board has proposed to pay the shareholders of the Company ("Shareholders") a final dividend of HK$3 million for the year ended 31 December 2017 (the "Final Dividend") subject to the proposed Final Dividend being approved by the Shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 3 May 2018 (the "AGM").

Subject to the approval of the Shareholders at the AGM, it is expected that the proposed Final Dividend will be paid on or around Monday, 21 May 2018 to the Shareholders whose names appear in the register of members of the Company on Friday, 11 May 2018.

Capital structure

The capital of the Company comprises only ordinary shares. As at 31 December 2017, the total number of the ordinary shares of the Company in issue was 640,000,000 shares.

Charge on Group's assets

As at 31 December 2017, the Group did not have any charge on its assets (2016: nil).

Hedging

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk had been implemented during the year ended 31 December 2017.

Management Discussion And Analysis

Information on employees

As at 31 December 2017, the Group had a workforce of 19 employees (2016: 20). The total staff costs, including the directors' emoluments, amounted to HK$13.14 million for the year ended 31 December 2017.

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

Contingent liabilities

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: nil).

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2017 (2016: nil).

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. Meanwhile, the Group will also continue to seek for business opportunities in other financial related services so as to generate greater value for the shareholders.

Biographical Details Of Directors And Senior Management

EXECUTIVE DIRECTORS

Mr. Chung Ho Yan, aged 45, 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 has over 20 years of experience in the financial industry 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 46, 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 20 years of experience in the financial industry. Mr. Lam is a licensed person under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since July 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Wing Lun, aged 58, 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 20 years of experience in auditing and accounting. Mr. Lee joined the Group in May 2008.

Mr. Tam King Ho, Howard, aged 54, holds a master degree in business administration. He is a member of the Institute of Certified Management Accountants. Mr. Tam has over 15 years of experience in the financial industry. Mr. Tam joined the Group in April 2014.

Mr. Law Chor Yam, aged 54, holds a master degree in business administration. Mr. Law has over 20 years of experience in the financial industry. Mr. Law is currently the director of Orient Securities (Hong Kong) Limited, Orient Futures (Hong Kong) Limited and Orient Credit Finance (Hong Kong) Limited. Mr. Law joined the Group in August 2016.

SENIOR MANAGEMENT

Mr. Tang Wai Shun, Leon, aged 46, is the qualified accountant and company secretary of the Company. He holds a bachelor's degree in commerce. He has over 20 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

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 2017.

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.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2017 as required by Schedule 5 to the Hong Kong Companies Ordinance, can be found in the Chairman's Statement and the Management Discussion and Analysis set out in this annual report which forms part of this directors' report.

The principal risks and uncertainties facing the Group including (i) reliance on key authorised persons and possible suspension of the business of the Group in case the responsible officers left the Group; (ii) local and international economic and socio-political environments may cause volatility of the Hong Kong securities market; (iii) keen competition from different consulting and professional firms who providing similar corporate finance advisory services; and (iv) businesses operated by the Group are regulated by legislation and various regulatory authorities. In the event, when there is any change of the relevant laws, rules and regulations, it may adversely affect the Group's operations and business.

An analysis of the Group's performance for the year is set out in note 5 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2017 and the state of affairs of the Group at that date are set out in the financial statements on pages 36 to 39.

In consideration of satisfactory results, the Board has proposed to pay the shareholders of the Company a final dividend of HK$3 million for the year ended 31 December 2017 subject to the proposed final dividend being approved by the Shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 3 May 2018 (2016: nil).

Directors' Report

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had total assets of approximately HK$39.40 million (2016: approximately HK$25.75 million). The net assets value of the Group was approximately HK$36.27 million as at 31 December 2017 (2016: approximately HK$24.89 million). The cash and cash equivalents of the Group amounted to approximately HK$36.45 million as at 31 December 2017. The key financial ratios of the Group are as follows:

	As at 31 December	
	2017	2016
Current ratio (times)	**12.16 times**	29.7 times
Return on equity (%)	**36.9%**	5.9%
Return on total assets (%)	**34.0%**	5.7%

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 27 April 2018 to Thursday, 3 May 2018, 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 Thursday, 26 April 2018.

For entitlement to the proposed final dividend, the register of members will be closed from Thursday, 10 May 2018 to Friday, 11 May 2018, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend payable on or about Monday, 21 May 2018, all transfers of shares, accompanied by the relevant share certificates, 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 Wednesday, 9 May 2018.

SUBSIDIARIES

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

PLANT AND EQUIPMENT

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

Directors' Report

SHARE CAPITAL

Details of changes in the Company's share capital during the year is set out in note 17 to the financial statements respectively. The Group has no outstanding share options issued as at 31 December 2017.

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 2017 is set out on page 72 of the annual report.

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme on 20 May 2008 (the "Share Option Scheme") whereby the Board are authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe the shares of the Company (the "Shares"). The Share Option Scheme became unconditional on 20 May 2008 and shall be valid and effective for a period of ten years commencing on 20 May 2008, subject to the early termination provisions contained in the Share Option Scheme.

Directors' Report

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the date when the Shares were first listed on the Stock Exchange. The Company may at any time refresh such limit, subject to in compliance with the Rules Governing the Listing Securities on GEM, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised under the Share Option Scheme.

No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the year ended 31 December 2017 and there are no outstanding share options under the Share Option Scheme as at 31 December 2017. The total number of Shares available for issue under the Share Option Scheme as at the date of this report was 64,000,000 Shares which represented 10% of the issued share capital of the Company as at 31 December 2017.

In view of the impending expiration of the Share Option Scheme, an ordinary resolution will be proposed at the coming annual general meeting to terminate the Share Option Scheme and adopt a new share option scheme. Further details of the above proposal will be included in the Company's circular to be despatched to the shareholders before the coming annual general meeting.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 18 to the financial statements and in the consolidated statement of changes in equity on page 38 respectively.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the year ended 31 December 2017. For training and development, our employees in Hong Kong are briefed with the relevant workplace safety rules. We also train all our employees with basic office protocol.

DIRECTORS' REPORT

Customers and suppliers

Major Suppliers

Due to the nature of our principal business activities, the Group had no major suppliers during the year ended 31 December 2017.

Major Customers

In the year under review, the Group's five largest customers accounted for approximately 67.0% of the Group's turnover and the largest customer included therein accounted for approximately 15.5% 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. Lee Wing Lun
Mr. Tam King Ho, Howard
Mr. Law Chor Yam

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' Report

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

At 31 December 2017, 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	344,670,000	53.85%

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 2017, there were no debt securities issued by the Group at any time.

Save as disclosed herein, as at 31 December 2017, 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 2017, 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	344,670,000	53.85%
Vinco Asia Limited (Note 1)	Beneficial interest	326,400,000	51.00%

Note:

1. 18,270,000 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 2017, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2017, 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.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Group attaches high importance to environmental issues. Though the Group is not a high-pollution generated company, it actively integrates the concepts of environmental protection and green building into our business operation as practicable as possible.

DIRECTORS' REPORT

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements could lead to adverse impact on business operation and financial position of the Group. During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

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 22 to the financial statements.

Directors' Report

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 23 to 31 of the annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2017, 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 2017 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

Environmental, Social And Governance Report

INTRODUCTION AND SCOPE OF ESG REPORT

The Board is pleased to present the first Environmental, Social and Governance report (the "ESG Report") of the Group prepared according to Appendix 20 Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out by the GEM Listing Rules. The Group is committed towards sustainability and understands the importance of sustainable development of its business and community. As this is the first ESG report of the Group it would present mainly policies, initiatives and performance of the Group for the year ended 31 December 2017.

The Group is principally engaged in provision of financial services in Hong Kong. The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong Special Administrative Region (the "HKSAR") during the year ended 31 December 2017. As for the information of corporate governance, please refer to the "Corporate Governance Report" in this Annual Report. We have fully embraced social responsibility as our contribution to address the ESG requirements and challenges society faces. We have implemented a number of significant initiatives relating to employment and labour practices, operation management and environmental protection.

Stakeholder Engagement

The Group attaches great importance to the multi-channel interaction with the stakeholders. Our employees were involved in helping us better understand our sustainability performance. The Group respects for employee diversity, and develops competitive compensation system and prospective career path and training for employees. The Group is committed to dedicating itself in achieving best interests for shareholders and investors and satisfying the sustainable development. The data collected not only highlights the Group's sustainable initiatives during the year, but also sets out the basis of the Group's sustainability strategies. The Group will increase stakeholders' engagement via constructive dialogue, with a view to driving long-term prosperity.

As a financial services provider, the Group is eager to provide green financial services for upstream and downstream companies, thus to protect and improve the ecological environment. The Group has been attempting to assess environmental and social factors in various businesses, thereby gradually achieving the coordinated development of the Group, the environment and the society. Fulfilling social and environmental responsibilities is the vision of the Group. The Group will keep creating greater value for stakeholders, and supporting charities and environmental protection.

Information and Feedbacks

For detailed information about environmental and corporate governance, please refer to the official website www.vinco.com.hk and the Annual Report of the Group. Your opinions will be highly valued by the Group. If you have any advice or suggestions, please feel free to contact us by:

Tel: (852) 2865 4388
Fax: (852) 2865 4339

Environmental, Social And Governance Report

EMPLOYMENT AND LABOUR PRACTICES

Employees are the core forces to maintain the long-term growth and sustainability of the Group. The Group values the interests and rights of all the employees and attaches importance to creating a comfortable and motivating working environment for employees.

Employment

The Group values its employees as they are the key to its success. Employees are treated fairly and consistently in all matters without discrimination on grounds of age, gender, race, colour, sexual orientation, disability or marital status. During the year ended 31 December 2017, the Group has materially complied with the Employment Ordinance and Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

The Group's employment contract has specified the terms including compensation and dismissal, working hours, rest periods and other benefits and welfare for the Group's staff. 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.

Human resource overview	**2017**
Summary of Employee Data	
Gender	
Male	13
Female	6
Age distribution of present employees	
Under 30	5
31 to 40	4
41 to 50	5
Above 50	5
Turnover Rate by Gender	
Male	0%
Female	100%
Turnover Rate by Age	
Under 30	50%
31 to 40	50%
41 to 50	0%
Above 50	0%

Environmental, Social And Governance Report

Development and Training

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, continuous professional training including on-the-job training given by team head while managing and supervising a job; in-house regular meeting within the Group to provide a platform whereby professional employees are kept abreast of the latest market practice and matters relating to their jobs; off-the-job trainings mainly involve seminars and trainings organised by the professional bodies being available. For example, the Group provides some professional employees with permission of seminars and trainings organised by professional bodies, and requires these employees to attend seminars and training relevant to their licensed regulated activities; employees are encouraged to attend seminars and read prescribed periodicals to learn the updated information on industry and regulatory developments for their continuing competence; and professional employees are required to comply with continuous professional training and examination requirements as stipulated in relevant regulations.

Occupational Health and Safety Data:	2017
Work related fatality	0
Work injury cases >3 days	0
Work injury cases <3 days	0
Lost days due to work injury	0
Work injury rate	0

Occupational Health and Safety

Work safety is the cornerstone of the sustainable development of the Group. We strictly abide by the laws and regulations regarding occupational health and safety, such as the Occupational Safety and Health Ordinance. We seek to create a pleasant and comfortable workplace for our employees by carrying out various measures, including provision of adjustable working chairs and seats, provision of sufficient storage space for a more spacious desk area, regular maintenance or replacement of office equipment, and keeping objects and tools easily reachable and conveniently located.

Environmental, Social And Governance Report

In 2017, the detailed breakdown of the percentage of employees trained and the average training hours completed per employee by gender and employee category is as follows:

Training	Average training hours (hours/employee)	Percentage of employee trained (%)
By gender		
— Male	Over 5 hours	100
— Female	Over 5 hours	83.33
By employment category		
— Senior management	Over 5 hours	100
— Middle management	5 hours	100
— General	5 hours	83.33

Labour Standards

The Group has strictly complied with the Employment Ordinance. Any individuals under the legal working age and individuals without any proper identification documents are disqualified from employment. For the year ended 31 December 2017, no violation regarding the age of employment and labour dispute has occurred between the Group and employees.

OPERATION MANAGEMENT

The Group aims at delivering a high quality of services to its clients at all times. It is the Group's philosophy that market reputation and clients' confidence in the services are critical to its success. In view of this, the Group has been devoted to improving its management in every aspect of its operation to create greater value for its clients and the shareholders.

Service Quality

The Group is regulated by the Securities and Futures Commission (SFC) and is a licensed corporation under SFO. As at 31 December 2017, among the experienced team of professionals of the Group, all professional employees were properly licensed and registered with the SFC. All Responsible Officers have more than 10 years of relevant experience, among which most of them have been with the Group for over 10 years.

The Group generally gains new business through referrals from existing clients, professional firms and the personal connections of directors or employees of the Group. In this regard, the Group places great emphasis on building customers' loyalty by providing them with prompt, competent and unbiased professional services. In 2017, no service related complaints has received by the Group.

Environmental, Social And Governance Report

Anti-corruption

We strictly abide by the Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, the Securities and Futures Commission Guideline on Anti-Money Laundering and Counter-Terrorist Financing and the relevant laws and regulations regarding anti-corruption, bribery, extortion, fraudulent behavior and money-laundering. Anti-money laundering policy is implemented to detect and prevent money laundering and terrorist financing. Employees are required to fully understand the background of potential clients through documentation and communication in accordance with relevant internal guidelines before engaging with the clients. In order to avoid any unintentional money laundering activities, any cash transaction with clients is not allowed and all payments from clients should be made via bank transfer, cheque or direct cash bank deposit. Employees are prohibited from receiving anything of significant value from any parties related to the Group.

The Group is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we have whistle-blowing policy in place. Our employees, clients, suppliers and other stakeholders are encouraged to voice their concerns about any suspected misconduct or malpractice. The Group will investigate misconduct or malpractice reported and take corresponding remedial measures against the irregularities. Whistleblowers are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action. Employee who breaches anti-corruption policy will face disciplinary action, which could result in dismissal for gross misconduct.

During the year, no legal case regarding corrupt practices was brought against the Group or its employees. Also, no whistleblowing concerning a criminal offence or misconduct was reported.

Protection of Data

The Group places the highest priority on protecting the privacy of its customers, partners and staff in the collection, processing and use of their personal data. The Group adheres to the applicable data protection regulations and ensures appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely stored to prevent against loss, unauthorised access, use, modification or disclosure, and processed only for the purpose for which it has been collected.

Supply Chain Management

Due to the nature of its principal business activities, the Group had no major suppliers during the year ended 31 December 2017. To integrate the environmental vision into the procurement of office supplies, priority is given to environmentally friendly products, such as refillable ballpoint pens and mechanical pencils.

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.

Environmental, Social And Governance Report

Energy Conservation

As an environmentally friendly corporate, we encourage our employees to switch off lights and electronic equipment when not in use, and maximise the use of natural lighting to reduce energy consumption. We divide the office area into different light zones using independent lighting switches, adopt energy efficient lighting system and adopt computer equipment virtualisation.

The Group has a total area of approximately 412.95 square meters in The Center, and electricity from which is purchased from the Hong Kong Electric Co., Ltd. Hence, there is no potential risk for power supply shortage. Payment for water usage has been included in the management fee to the landlord, thus related consumption data cannot be obtained. Meanwhile, the Group did not have problems on shortage of water supply. During the reporting period, the total electricity consumption was approximately 22,395 kWh, and the energy consumption intensity was approximately 54.23 kWh/m2 based on the office area, generating approximately 17.692 CO2e GHG emissions.

Waste Management

Since the Group's business does not involve manufacturing activities, solid waste is mainly generated in daily office operations. We have adopted measures including reduce, reuse and recycle, principle as our waste management strategy. We implement the policy of double-sided printing and copying and disseminate information by electronic means whenever possible to reduce paper consumption. Our employees are encouraged to use reusable products instead of non-refillable stationeries and office supplies. Apart from non-hazardous waste, our major hazardous waste, toner cartridges are also collected for recycling.

In 2017, we purchased A4 sized 80 gsm photocopying paper of around 120 reams. The Group did not have any other major consumption on any other kind of papers.

Green Operation

The Group has made steady progress in reducing its carbon footprints across its businesses. In terms of transportation, our employees are encouraged to take public transportation or share transport while telephone conference is held where possible to avoid any unnecessary overseas business travel. Direct flights are chosen to reduce carbon emission caused by any inevitable business travel.

Contribute to the Community

The Group is committed to good corporate citizenship and community services and believed that the ongoing effort in serving the community will benefit the society. In 2017, the Group did not do much in respect of the involvement in repaying the community by direct donations to charity organisations. We will continue our contribution to the harmonious society in various ways, and encourage employees to support those in need through donations and participations in charitable activities.

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 2017, 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 not relatively large 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.

Corporate Governance Report

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 set strategies and directions for the Group's affairs and activities with a view to develop its business and to enhance shareholders value.

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 for the year ended 31 December 2017. Its composition and the attendance of individual directors at these board meetings were as follows:

Name	**Numbers of attendance**
Executive Directors	
Chung Ho Yan	4/4
Lam Yick Hing	1/4
Independent Non-executive Directors	
Lee Wing Lun	4/4
Tam King Ho, Howard	4/4
Law Chor Yam	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 Board has received an annual confirmation of independence from each of the INEDs. 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.

Corporate Governance 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.

APPOINTMENTS, RE-ELECTION AND REMOVAL

Code provision A.4.3 of the CG Code, became effective on 1 April 2012, an independent non-executive director serves more than nine (9) years, his further appointment should be subject to a separate resolution to be approved by shareholders.

During the year ended 31 December 2017, Mr. Lee Wing Lun has served as an independent non-executive director of the Company for more than 9 years. During this years of appointment, Mr, Lee has demonstrated his ability to provide an independent view to the Company's matters. Notwithstanding his length of tenure as an independent non-executive director of the Company, the Board is of the view that Mr. Lee is able to continue to fulfill his role as required and thus recommends him for re-election of the AGM. Moreover, the Company is of the view of Mr. Lee meets the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and is independent in accordance with the terms and guidelines.

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 2017, 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.

Corporate Governance Report

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
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
Law Chor Yam	— Reading materials/in house briefing on regulatory and corporate governance matters

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, including relevant rules and regulations. 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.

Corporate Governance Report

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 2017.

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 2017.

BOARD COMMITTEES & CORPORATE GOVERNANCE FUNCTIONS

The board has established three board committees, namely, the remuneration committee, the nomination committee and the audit committee, for overseeing particular aspects of the Company's affairs. All board committees have been established with defined written terms of reference, which are posted on the GEM's website www.hkgem.com and the Company's website at www.vinco.com.hk. All the board committees should report to the board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of board committees follow in line with, so far as practicable, those of the board meetings set out in above.

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 (Chairman), 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.

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.

Corporate Governance Report

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 (Chairman) 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.

AUDIT COMMITTEE

The Company's Audit Committee was formed on 22 April 2008 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's internal control procedures and annual report, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee currently comprises three Independent Non-executive Directors, Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Law Chor Yam. The Audit Committee held 4 meetings for the year ended 31 December 2017. The Audit Committee members have reviewed this Annual Report and have provided advice and comments thereon.

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 pages 32 to 35 of this report.

Corporate Governance Report

AUDITOR'S REMUNERATION

During the year, remuneration paid/payable to auditors for audit services of the Group were approximately HK$200,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the Group's business. The Board has overall and ongoing responsibility for the internal control system and risk management procedures of the Company. The Board puts particular emphasis on determining the risk-tolerance levels in achieving the Group's strategic objectives. It has developed a sound and effective internal control system underpinning the risk management framework and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. The internal control and risk management 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. In addition to internal controls through the Group's internal staff, the audit committee will review annually to ensure the effective and adequate internal controls system. The Group is committed to the identification, monitoring and management of risks associated with its business activities.

The Board reviews the effectiveness of the Group's material internal controls and considers the Group's internal control system is designed to manage reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties. The Board is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

The Company maintains a framework for the handling and dissemination of inside information and the disclosure policy of the framework sets out the procedures and internal controls to ensure inside information remains confidential until such information is appropriately disclosed and the announcement of such information is made in a timely manner in compliance with the SFO and the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

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.

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.

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.

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.

Corporate Governance Report

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 Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Vinco Financial Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 36 to 71, which comprise the consolidated statement of financial position as at 31 December 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Revenue recognition in respect of provision of corporate financial advisory services.

Refer to notes 4(v) and 5(a) to the consolidated financial statements for related disclosures. The Group's accounting policy on revenue recognition is set out in note 2(m)(i) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group provides corporate financial advisory services to customers and the revenue is recognised based on the percentage of completion ("POC"). Determining the POC of the contract required significant judgment.	We assessed the revenue recognition policies applied by the Group, including the valuation and timing of revenue recognition. We evaluated the design and implementation of revenue controls in respect of the corporate financial advisory services. We performed substantive tests on samples of projects, agreeing fees, billings, project dates to contracts and obtained projects' predetermined timetable for assessing the calculation of the POC. Independent recalculations were performed on samples of the accrued income and receipt in advance balances of the relevant projects by reference to the POC as at the end of the reporting period. We also assessed the rationale for the basis for the calculation of POC for the projects with the directors who are responsible for delivering the projects. We considered whether the revenue recognition policies adopted complied with HKFRSs.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of 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.

Independent Auditor's Report

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 26 March 2018

Chan Wai Dune, Charles
Practising Certificate Number P00712

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	*5(a)*	**36,044**	18,035
Operating expenses		**(20,627)**	(16,564)
Profit from operations and before taxation	*6*	**15,417**	1,471
Income tax	*7(a)*	**(2,039)**	—
Profit for the year attributable to owners of the Company		**13,378**	1,471
Other comprehensive income for the year, net of income tax		**—**	—
Total comprehensive income for the year attributable to owners of the Company		**13,378**	1,471
Earnings per share (expressed in HK cents per share)	*12*		
— Basic and diluted		**2.09**	0.23

The notes on pages 40 to 71 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11.

Consolidated Statement Of Financial Position

As at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Plant and equipment	*13*	**96**	93
Rental and other deposits paid		**1,199**	—
		1,295	93
Current assets			
Rental and other deposits paid		—	1,038
Trade and other receivables	*15*	**1,652**	446
Cash and cash equivalents	*16*	**36,454**	24,177
		38,106	25,661
Current liabilities			
Accrued expenses		**200**	155
Receipt in advance		**895**	710
Tax payable		**2,039**	—
		3,134	865
Net current assets		**34,972**	24,796
NET ASSETS		**36,267**	24,889
Capital and reserves			
Share capital	*17*	**6,400**	6,400
Reserves	*18*	**29,867**	18,489
TOTAL EQUITY		**36,267**	24,889

Approved and authorised for issue by the board of directors on 26 March 2018 and signed on its behalf by:

Mr. Chung Ho Yan
Director

Mr. Lam Yick Hing
Director

The notes on pages 40 to 71 form part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2017

	Attributable to the owners of the Company					
		Reserves				
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**(Accumulated losses)/ retained earning** HK$'000	**Subtotal** HK$'000	**Total equity** HK$'000
Balance at 1 January 2016	6,400	11,887	9,900	(4,769)	17,018	23,418
Changes in equity for 2016:						
Profit for the year	—	—	—	1,471	1,471	1,471
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	1,471	1,471	1,471
Balance at 31 December 2016 and 1 January 2017	6,400	11,887	9,900	(3,298)	18,489	24,889
Changes in equity for 2017:						
Profit for the year	—	—	—	13,378	13,378	13,378
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	13,378	13,378	13,378
Dividends declared in respect of the current year (Note 11(a))	—	—	—	(2,000)	(2,000)	(2,000)
Balance at 31 December 2017	6,400	11,887	9,900	8,080	29,867	36,267

The notes on pages 40 to 71 form part of these financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Operating activities			
Profit before taxation		**15,417**	1,471
Adjustment for:			
Depreciation of plant and equipment	*13*	**39**	38
Changes in working capital:			
Increase in rental and other deposits paid		**(161)**	—
Decrease in other assets		**—**	44
(Increase)/decrease in trade and other receivables		**(1,206)**	368
Increase in accrued expenses		**45**	5
Increase in receipt in advance		**185**	610
Net cash generated from operating activities		**14,319**	2,536
Investing activity			
Payment for purchase of plant and equipment	*13*	**(42)**	(9)
Net cash used in investing activity		**(42)**	(9)
Financing activity			
Dividends paid to owners of the Company	*11(a)*	**(2,000)**	—
Net cash used in financing activity		**(2,000)**	—
Net increase in cash and cash equivalents		**12,277**	2,527
Cash and cash equivalents at 1 January		**24,177**	21,650
Cash and cash equivalents at 31 December	*16*	**36,454**	24,177

The notes on pages 40 to 71 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 GEM 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 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 GEM of The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group is disclosed 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. Note 3 provides information on any changes in accounting policies resulting from 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.

b) *Basis of preparation of the financial statements*

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as "the Group").

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

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

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) *Basis of preparation of the financial statements* *(Continued)*

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

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

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.

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.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c) *Subsidiaries* *(Continued)*

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 any accumulated impairment losses (see note 2(g)).

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	5–10 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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. Any difference between the straight-line rent amount and the amount receivable or payable under the lease is included in other assets or other liabilities in the statement of financial position. 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 receivables 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 receivables 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 whenever 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.

iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, the Group is required to prepare a quarterly financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of each quarter of the financial year. At the end of the quarterly period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and (ii)).

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.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Income tax *(Continued)*

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.

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

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Income tax *(Continued)*

— 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.

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 corporate financial advisory services

Income from provision of corporate financial advisory services is recognised at the time when the services are rendered, by reference to stage of completion of the specific transactions and assessed on the basis of actual services provided as a proportion of the total service to be provided.

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).

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued several of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2017 was approximately HK$96,000 (2016: HK$93,000).

Notes To The Financial Statements

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

ii) Impairment of receivables and rental and other deposits paid

Receivables and rental and other deposits paid 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 (excluding cash and cash equivalents) as at 31 December 2017 was approximately HK$2,449,000 (2016: HK$1,169,000).

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.

There were no deferred tax assets/liabilities as at 31 December 2017 (2016: 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 2017 was approximately HK$96,000 (2016: HK$93,000).

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

v) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its financial services contracts to deliver financial services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. If there is a change in the estimates on the services performed to date, the amount of revenue recognised in the year would be higher or lower.

5. REVENUE AND SEGMENT REPORTING

a) Revenue

The principal activity of the Group is the provision of financial services in Hong Kong. Revenue represents income from the provision of corporate financial advisory services for the years ended 31 December 2017 and 2016.

b) Segment reporting

During the years ended 31 December 2017 and 2016, the Group operates in a single operating segment in Hong Kong, i.e. the provision of corporate financial advisory services in Hong Kong. Accordingly, operating segment and geographical information are not presented.

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

	2017 **HK$'000**	2016 HK$'000
Customer A	—	3,512
Customer B	—	3,200
Customer C	—	2,500
Customer D	**5,572**	—
Customer E	**5,107**	—
Customer F	**4,930**	—
Customer G	**4,435**	—
Customer H	**4,102**	—

Notes To The Financial Statements

6. PROFIT FROM OPERATIONS AND BEFORE TAXATION

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

	2017 HK$'000	2016 HK$'000
a) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan (Note 10)	**182**	124
Salaries and other benefits	**12,957**	8,804
	13,139	8,928

	2017 HK$'000	2016 HK$'000
b) Other items:		
Auditor's remuneration		
— audit services	**200**	155
Depreciation of plant and equipment	**39**	38
Operating lease charges in respect of office premises	**3,201**	3,201

7. INCOME TAX

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

	2017 HK$'000	2016 HK$'000
Current tax		
Hong Kong Profits Tax	**2,039**	—

The provision of Hong Kong Profits Tax for the year ended 31 December 2017 is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax for the year ended 31 December 2016 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.

Notes To The Financial Statements

7. INCOME TAX *(Continued)*

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

	2017 HK$'000	2016 HK$'000
Profit before taxation	**15,417**	1,471
Notional tax on profit before taxation, calculated at a rate of 16.5% (2016: 16.5%)	**2,544**	243
Tax effect of non-deductible expenses	**18**	49
Tax effect of prior year's tax losses utilised this year	**(484)**	(288)
Others	**(9)**	(4)
Special tax reduction	**(30)**	—
Actual tax expense	**2,039**	—

c) *Deferred tax assets and liabilities not recognised*

At 31 December 2017, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$534,000 (2016: HK$3,471,000) 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 2017 and 2016.

Notes To The Financial Statements

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2017

	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	—	3,997	18	4,015
Mr. Lam Yick Hing	—	1,649	18	1,667
Independent Non-executive Directors				
Mr. Lee Wing Lun	36	—	—	36
Mr. Tam King Ho, Howard	36	—	—	36
Mr. Law Chor Yam	36	—	—	36
	108	5,646	36	5,790

Year ended 31 December 2016

	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	—	2,372	18	2,390
Mr. Lam Yick Hing	—	1,130	18	1,148
Independent Non-executive Directors				
Mr. Yip Tai Him (resigned on 1 August 2016)	21	—	—	21
Mr. Lee Wing Lun	36	—	—	36
Mr. Tam King Ho, Howard	36	—	—	36
Mr. Law Chor Yam (appointed on 1 August 2016)	15	—	—	15
	108	3,502	36	3,646

Notes To The Financial Statements

8. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 December 2017 and 2016, 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 emoluments during the years ended 31 December 2017 and 2016.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2016: two) are directors whose emoluments are disclosed in note 8 above. The aggregate of the emoluments in respect of other three (2016: three) individuals are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other emoluments	**4,902**	3,438
Contributions to retirement benefits scheme	**54**	54
	4,956	3,492

The emoluments of three (2016: three) individuals with the highest emoluments are within the following bands:

	2017 Number of individuals	2016 Number of individuals
HK$Nil–HK$1,000,000	**2**	2
HK$2,000,001–HK$2,500,000	**—**	1
HK$3,500,001–HK$4,000,000	**1**	—

There was no amount paid during the years ended 31 December 2017 and 2016 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. Contributions to the plan vest immediately.

11. DIVIDENDS

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

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

b) *Final dividend proposed after the end of the reporting period*

At a meeting held on 26 March 2018, the Board recommended the payment of a final dividend of HK0.46875 cents per ordinary share (totaling HK$3,000,000) for the year ended 31 December 2017 ("2017 Final Dividend"). The 2017 Final Dividend is subject to approval by the shareholders in the forthcoming annual general meeting and is not recognised as dividend payable in the financial statements for the year ended 31 December 2017, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2018.

c) The Board did not recommend the payment of dividend for the year ended 31 December 2016.

12. EARNINGS PER SHARE

a) *Basic earnings per share*

The calculation of basis earnings per share is based on the profit attributable to the owners of the Company of approximately HK$13,378,000 (2016: HK$1,471,000) and the weighted average of 640,000,000 (2016: 640,000,000) ordinary shares in issue during the year.

b) *Diluted earnings per share*

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2017 and 2016, and diluted earnings per share is the same as basic earnings per share.

Notes To The Financial Statements

13. PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost				
At 1 January 2016	255	315	389	959
Additions	—	9	—	9
At 31 December 2016	255	324	389	968
At 1 January 2017	255	324	389	968
Additions	16	26	—	42
At 31 December 2017	271	350	389	1,010
Accumulated depreciation				
At 1 January 2016	226	222	389	837
Charge for the year	9	29	—	38
At 31 December 2016	235	251	389	875
At 1 January 2017	235	251	389	875
Charge for the year	10	29	—	39
At 31 December 2017	245	280	389	914
Carrying amount				
At 31 December 2017	26	70	—	96
At 31 December 2016	20	73	—	93

Notes To The Financial Statements

14. SUBSIDIARIES

The following list contains the particulars of the subsidiaries at 31 December 2017.

Name of company	Place of incorporation and operation	Issued ordinary share capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Principal activities
Vinco Capital Limited ("Vinco Capital") (formerly known as "Grand Vinco Capital Limited")	Hong Kong	HK$10,000,000	100%	100%	Provision of financial services
Vinco Financial Limited	Hong Kong	HK$300,000	100%	100%	Provision of financial services

15. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**1,250**	131
Less: allowance for doubtful debts	**—**	—
Loans and receivables	**1,250**	131
Deposits and prepayments	**402**	315
	1,652	446

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

Notes To The Financial Statements

15. TRADE AND OTHER RECEIVABLES *(Continued)*

a) *Ageing analysis*

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

	2017 **HK$'000**	2016 HK$'000
Within 3 months	**1,250**	131

Trade receivables are due within 60 days from the date of billing. Further details on the Group's credit policy are set out in note 20(b)(i).

b) *Impairment of trade receivables*

Impairment losses in respect of trade receivables 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 receivables directly (see note 2(g)(i)).

During the years ended 31 December 2017 and 2016, there was no impairment loss made against the trade receivables.

c) *Trade receivables that are not impaired*

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

	2017 **HK$'000**	2016 HK$'000
Neither past due nor impaired	**1,250**	75
1 to 3 months past due	—	56
	1,250	131

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

Receivables that were past due but not impaired relate to an independent customer that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Notes To The Financial Statements

16. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash at bank	**36,454**	24,177

As at 31 December 2017, cash at bank carry interest at market rates which is 0.001% (2016: 0.001%) per annum.

17. SHARE CAPITAL

	2017 Number of share	2017 HK$'000	2016 Number of share	2016 HK$'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.

18. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Nature and purpose of reserves

Share premium

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

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.

Notes To The Financial Statements

19. COMPANY — LEVEL STATEMENT OF FINANCIAL POSITION

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2017 HK$'000	2016 HK$'000
Non-current asset			
Investments in subsidiaries		**116**	100
Current assets			
Due from a subsidiary		**10,000**	9,730
Dividend receivables		**6,000**	—
Cash and cash equivalents		**5,755**	6,119
		21,755	15,849
Net current assets		**21,755**	15,849
NET ASSETS		**21,871**	15,949
Capital and reserves			
Share capital	*17*	**6,400**	6,400
Reserves		**15,471**	9,549
TOTAL EQUITY		**21,871**	15,949

Approved and authorised for issue by the board of directors on 26 March 2018 and signed on its behalf by:

Mr. Chung Ho Yan
Director

Mr. Lam Yick Hing
Director

NOTES TO THE FINANCIAL STATEMENTS

19. COMPANY — LEVEL STATEMENT OF FINANCIAL POSITION

(Continued)

A summary of the Company's reserves is as follows:

		Reserves			
	Share capital HK$'000	**Share premium** HK$'000	**(Accumulated losses)/ retained earnings** HK$'000	**Subtotal** HK$'000	**Total equity** HK$'000
Balance at 1 January 2016	6,400	11,887	(2,076)	9,811	16,211
Changes in equity for 2016:					
Loss for the year	—	—	(262)	(262)	(262)
Other comprehensive income	—	—	—	—	—
Total comprehensive loss for the year	—	—	(262)	(262)	(262)
Balance at 31 December 2016 and 1 January 2017	6,400	11,887	(2,338)	9,549	15,949
Changes in equity for 2017:					
Profit for the year	—	—	7,922	7,922	7,922
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	7,922	7,922	7,922
Dividends declared in respect of the current year (Note 11(a))	—	—	(2,000)	(2,000)	(2,000)
Balance at 31 December 2017	6,400	11,887	3,584	15,471	21,871

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

a) Financial Instruments by categories

	2017 HK$'000	2016 HK$'000
Financial assets		
Financial assets included in "trade and other receivables"	**1,250**	131
Rental and other deposits paid	**1,199**	1,038
Cash and cash equivalents	**36,454**	24,177
Loans and receivables	**38,903**	25,346
Financial liabilities		
Accrued expenses	**200**	155
Financial liabilities at amortised cost	**200**	155

b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risk are described below.

i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of merely dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. 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.

NOTES TO THE FINANCIAL STATEMENTS

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

b) Financial risk management objectives and policies *(Continued)*

i) Credit risk *(Continued)*

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 has concentration risk on trade receivables and approximately 100% (2016: 57%) of the trade receivables was from one customer. However, having consider the strong financial background of the customer, the management believes there is no significant risk.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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.

ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the parent company's board approval. 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 non-derivative financial liabilities are not materially different from their carrying amounts as their remaining contractual maturities were within one year.

c) Fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 2016.

Notes To The Financial Statements

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

d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal optical structure to reduce the cost of capital.

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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares 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 licensed by the Securities and Futures Commission ("SFC"), provides corporate financial advisory services to its customers, is obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("FRR") at all times. 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 2017 and 2016, Vinco Capital complied with the liquid capital requirements imposed by SFC.

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

21. OPERATING LEASE COMMITMENTS

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	HK$'000	HK$'000
Within 1 year	**4,033**	2,890
After 1 year but within 5 years	**4,369**	—
	8,402	2,890

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

22. 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:

	2017	2016
	HK$'000	HK$'000
Short-term employee benefits	**5,754**	3,610
Post-employment benefits	**36**	36
	5,790	3,646

b) *Other related party transactions*

The Group paid salaries and allowances of approximately HK$3,487,000 (2016: HK$2,309,000) and contributions to retirement benefits scheme of approximately HK$18,000 (2016: HK$18,000) to a close family member of a director of the Company during the year ended 31 December 2017.

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

23. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2017, 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 director of the Company.

Notes To The Financial Statements

24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 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 15	*Revenue from Contracts with Customers and the related Amendments*[1]
HKFRS 16	*Leases*[2]
HK (IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK (IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019

Except for the new and amendments to HKFRSs and Interpretations mentioned below, the directors anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

Notes To The Financial Statements

24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 9, Financial Instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group does not expect the new guidance to have significant impact on the classification and measurement of its financial assets as the Group does not have:

- Debt instrument that are classified as available-for-sale financial assets;
- Debt instrument classified as held-to-maturity and measured at amortised cost; and
- Equity investment measured at fair value through profit or loss.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect material change to the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The new standard is mandatory for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for the year ended 31 December 2017 will not be restated.

NOTES TO THE FINANCIAL STATEMENTS

24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 15, Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Management has reassessed its business model and contract terms to assess the effects of applying the new standard on the Group's financial statements and has identified that revenue from the corporate financial advisory services may be recognised over time in accordance with the input method for measurement instead of a point of time, if the Group has an enforceable right to payment from the customers for the performance completed to date.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. Since the number of "open" contracts for provision of corporate financial advisory services at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial results from 2018 onwards.

NOTES TO THE FINANCIAL STATEMENTS

24. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 *(Continued)*

HKFRS 16, Leases

As disclosed in note 2(e), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group only enters into the lease as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease terms.

HKFRS 16 will primarily affect the Group's accounting as lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 21, at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amount to HK$8,402,000 for properties, the majority of which is payable either within 1 year or between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

FINANCIAL SUMMARY

Annual results for the three years ended 31 December 2017

	For the year ended 31 December				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	15,065	10,095	17,572	18,035	**36,044**
Net profit/(loss) attributable to the owners of the Company	774	(6,052)	2,534	1,471	**13,378**

	As at 31 December				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	27,314	21,356	23,668	25,754	**39,401**
Total liabilities	378	472	250	865	**3,134**
Total equities	26,936	20,884	23,418	24,889	**36,267**