VINCO 城高

VINCO FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8340

Annual Report 2018

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

GEM has been positioned as a market designed to accommodate 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 howsoever 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.

CONTENTS

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

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

Unit 2610, 26/F
The Center
99 Queen's Road Central
Hong Kong

AUDITORS

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

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

APPRECIATION

I would like to express my deepest gratitude to my fellow board members and colleagues for their dedication and contribution in the past year.

Chung Ho Yan
Chairman

Hong Kong, 26 March 2019

Management Discussion And Analysis

FINANCIAL REVIEW

Market Review

The Group will continue to provide corporate finance advisory services in Hong Kong as well as seek for business opportunities from other countries in Asia. It has been the Group's strategies to strengthen its core business by way of (i) enhancing the quality of our services; (ii) expanding our business coverage; (iii) maintain and strengthen the Group's market position in Hong Kong by focusing on quality customers; and (iv) increase the Group's capacity to capture more business opportunities.

Results of the Group

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

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

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

Capital structure

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

Charge on Group's assets

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

Hedging

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

Management Discussion And Analysis

Information on employees

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

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

Contingent liabilities

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

Significant investment

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

Outlook

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

Biographical Details Of Directors And Senior Management

EXECUTIVE DIRECTORS

Mr. Chung Ho Yan, aged 46, 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 47, 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 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 59, 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 55, holds a master degree in business administration. He is a member of the Institute of Certified Management Accountants. Mr. Tam has over 10 years of experience in the financial industry. Mr. Tam joined the Group in April 2014.

Mr. Law Chor Yam, aged 55, 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 47, 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 2018.

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 2018 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

The results of the Group for the year ended 31 December 2018 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 34 to 79.

Directors' Report

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The directors do not recommend the payment of any dividend for the year ended 31 December 2018 (HK$3 million of final dividend for the year ended 31 December 2017).

Directors' Report

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had total assets of approximately HK$37.46 million (2017: approximately HK$39.40 million). The net assets value of the Group was approximately HK$35.08 million as at 31 December 2018 (2017: approximately HK$36.27 million). The cash and cash equivalents of the Group amounted to approximately HK$34.41 million as at 31 December 2018. The key financial ratios of the Group are as follows:

	As at 31 December	
	2018	2017
Current ratio (times)	**15.1 times**	12.16 times
Return on equity (%)	**5.1%**	36.9%
Return on total assets (%)	**4.82%**	34.0%

CLOSURE OF REGISTER OF MEMBERS

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

SUBSIDIARIES

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

PLANT AND EQUIPMENT

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

Directors' Report

SHARE CAPITAL

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 2018.

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 2018 is set out on page 80 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 has adopted a share option scheme on 3 May 2018 (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").

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 2018 and there are no outstanding share options under the Share Option Scheme as at 31 December 2018. 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 2018.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 19 to the financial statements and in the consolidated statement of changes in equity on page 41 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 2018. 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.

We have a close working relationship with our customers throughout the years. We have also established a long term relationship with our key customers by providing on-going advisory services to them.

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 2018.

Major Customers

In the year under review, the Group's five largest customers accounted for approximately 64.4% of the Group's turnover and the largest customer included therein accounted for approximately 18.6% 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 2018, 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 2018, there were no debt securities issued by the Group at any time.

Save as disclosed herein, as at 31 December 2018, 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 2018, 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 2018, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2018, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Directors' Report

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 mainly based on the individual performance, the Company's operating results 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 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 24 to 33 of the annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2018, 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 2018 were audited by Crowe (HK) CPA Limited (formerly "Crowe Horwath (HK) CPA Limited"). A resolution for the re-appointment of Crowe (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 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. The scope of the ESG Report mainly covers policies, initiatives and performance of the Group for the year ended 31 December 2018.

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 2018. 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 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. 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 2018, the Group complied with Employment Ordinance and Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

The Group 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	**2018**
Summary of Employee Data	
Gender	
Male	12
Female	6
Age distribution of present employees	
Under 30	5
31 to 40	2
41 to 50	6
Above 50	5
Turnover Rate by Gender	
Male	75%
Female	25%
Turnover Rate by Age	
Under 30	50%
31 to 40	25%
41 to 50	25%
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 requires professional 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:	**2018**
Work related fatality	0
Work injury cases >3 days	0
Work injury cases <3	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.

In 2018, the detailed breakdown of the percentage of professional employees trained and average training hours completed per professional employee by gender and employee category is as follows:

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

Environmental, Social And Governance Report

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 2018, 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 2018, 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 five 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 2018, no service related complaints has received by the Group.

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, payments from clients should be made via bank transfer, cheque or direct cash bank deposit.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 2018. 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.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 21,066 kWh, and the energy consumption intensity was approximately 51 kWh/m^2 based on the office area, generating approximately 16,642 kg CO_2e 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 2018, 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. 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 2018, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code and Report"), except for the deviations to Code Provisions A.2.1 and A.4.1 as explained in this report.

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

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 during the year ended 31 December 2018. 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.

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 POLICY

Pursuant to the code provision A.5.6 became effective on 1 September 2013, the nomination committee (or the Board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the 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.

The Company recognized and embraced the benefits of having a diverse board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the board. In designing the board's composition, board diversity has been considered from a numbers of measurable aspects including gender, age, ethnicity, knowledge and length of services. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the board.

Corporate Governance Report

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Board may adopt and/or amend from time to time such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning.

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

Corporate Governance Report

BOARD PROCESS

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

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

All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, 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.

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 2018.

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 2018.

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.

Corporate Governance Report

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.

BOARD NOMINATION POLICY

The Company adopted a nomination policy in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess a balance of skills, experience and diversity of perspectives appropriate to the Group's business to enable the Board to make sound and well considered decisions.

NOMINATION PROCESS

The nomination committee shall assess whether any vacancy on the Board has been created or is expected as required. The nomination committee utilizes various methods for identifying director candidates, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. All director candidates, are evaluated by the nomination committee based upon the director qualifications. If one or more desirable candidates has been identified, the nomination committee should rank them by order of preference based on the needs of the Company and reference check of each candidate. The nomination committee should then recommend to the Board to appoint the appropriate candidate for directorship. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the nomination committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. For re-election of director, the nomination committee and the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board to determine whether the retiring director continues to meet the criteria as set out above.

Corporate Governance Report

SELECTION CRITERIA

The nomination committee will take into account whether a candidate has (i) professional ethics and integrity of the director candidates; (ii) the qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy; (iii) potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; (iv) willingness and ability to devote adequate time to discharge duties as a member of the Board; and (v) independence and the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

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 in relation to the remunerations policy.

AUDIT COMMITTEE

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

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

The responsibilities of the external auditor about their financial reporting are set out in the Independent Auditor's Report on pages 34 to 38 of this 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.

Corporate Governance Report

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.

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.

Corporate Governance Report

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

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

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

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of company secretary, by fax: (852) 2865 4339 or mail to Unit 2610, 26/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 (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 39 to 79, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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(n)(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 over time using output method based on the measurement of performance completed to date and milestones reached. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group, and the recognition and measurement of revenue require significant judgement.	Our audit procedures to assess the recognition of revenue including the following: • We assessed the revenue recognition policies applied by the Group, including the measurement and timing of revenue recognition; • We evaluated the design and implementation of revenue controls in respect of the corporate financial advisory services; • We compared, on a sample basis, revenue transactions recorded during the year with the underlying contracts, milestones reached, bank-in slips for settled balances and assessed the business substance of the underlying transactions and whether the related revenue had been recognised in accordance with the Group's revenue recognition policies; and • For the projects in progress as at the year end, we assessed the measurement of performance completed to date and milestones reached by examining the individual projects' predetermined timetable, checking the milestone payments, discussing with Group management for the status of the projects in progress and reviewing the public announcements and documentation of the projects with reference to the terms in the contracts.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

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.

- 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.

Independent Auditor's Report

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 (HK) CPA Limited
Certified Public Accountants
Hong Kong, 26 March 2019

Chan Wai Dune, Charles
Practising Certificate Number P00712

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	*5(a)*	**20,215**	36,044
Operating expenses		**(18,257)**	(20,627)
Profit from operations and before taxation	*6*	**1,958**	15,417
Income tax	*7(a)*	**(154)**	(2,039)
Profit for the year attributable to owners of the Company		**1,804**	13,378
Other comprehensive income for the year, net of income tax		**—**	—
Total comprehensive income for the year attributable to owners of the Company		**1,804**	13,378
Earnings per share (expressed in HK cents per share)	*12*		
— Basic and diluted		**0.28**	2.09

The notes on pages 43 to 79 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 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Plant and equipment	*13*	**117**	96
Rental and other deposits paid		**1,199**	1,199
		1,316	1,295
Current assets			
Trade and other receivables	*15*	**1,738**	1,652
Cash and cash equivalents	*16*	**34,410**	36,454
		36,148	38,106
Current liabilities			
Accrued expenses		**200**	200
Receipt in advance		**—**	895
Tax payable		**2,193**	2,039
		2,393	3,134
Net current assets		**33,755**	34,972
NET ASSETS		**35,071**	36,267
Capital and reserves			
Share capital	*17*	**6,400**	6,400
Reserves	*18*	**28,671**	29,867
TOTAL EQUITY		**35,071**	36,267

Approved and authorised for issue by the board of directors on 26 March 2019 and signed on its behalf by:

Mr. Chung Ho Yan
Director

Mr. Lam Yick Hing
Director

The notes on pages 43 to 79 form part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2018

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

The notes on pages 43 to 79 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Operating activities			
Profit before taxation		**1,958**	15,417
Adjustment for:			
Depreciation of plant and equipment	*13*	**45**	39
Changes in working capital:			
Increase in rental and other deposits paid		—	(161)
Increase in trade and other receivables		**(86)**	(1,206)
Increase in accrued expenses		—	45
(Decrease)/increase in receipt in advance		**(895)**	185
Net cash generated from operating activities		**1,022**	14,319
Investing activity			
Payment for purchase of plant and equipment	*13*	**(66)**	(42)
Net cash used in investing activity		**(66)**	(42)
Financing activity			
Dividends paid to owners of the Company	*11*	**(3,000)**	(2,000)
Net cash used in financing activity		**(3,000)**	(2,000)
Net (decrease)/increase in cash and cash equivalents		**(2,044)**	12,277
Cash and cash equivalents at 1 January		**36,454**	24,177
Cash and cash equivalents at 31 December	*16*	**34,410**	36,454

The notes on pages 43 to 79 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 Unit 2610, 26/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 2018 comprise the Company and its subsidiaries (together referred to as "the Group").

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

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

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 values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

c) *Subsidiaries*

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

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

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

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(h)(ii)), 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(h)(ii)).

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 disposal proceeds 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 leases. 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*

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(g)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(h)(i)).

g) *Contract assets and contract liabilities*

A contract asset is recognised when the Group recognises revenue (see note 2(n)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(f)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(n)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(f)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) *Credit losses and impairment of assets*

i) *Credit losses from financial instruments and contract assets*

(A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and rental and other deposits paid); and

— contract assets as defined in HKFRS 15 (see note 2(g)).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018 *(Continued)*

Measurement of ECLs *(Continued)*

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Credit losses and impairment of assets *(Continued)*

i) Credit losses from financial instruments and contract assets *(Continued)*

(A) Policy applicable from 1 January 2018 *(Continued)*

Significant increases in credit risk *(Continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(n)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) *Credit losses and impairment of assets* *(Continued)*

i) *Credit losses from financial instruments and contract assets* *(Continued)*

(A) Policy applicable from 1 January 2018 *(Continued)*

Basis of calculation of interest income *(Continued)*

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

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at fair value though profit or loss (e.g. trade and other receivables). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

— 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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(B) Policy applicable prior to 1 January 2018 *(Continued)*

If any such evidence existed, any impairment loss was determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss was 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, where the effect of discounting was material. This assessment was made collectively where financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were 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 decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) *Credit losses and impairment of assets (Continued)*

i) *Credit losses from financial instruments and contract assets (Continued)*

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

ii) *Impairment of other non-current 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.

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).

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Credit losses and impairment of assets *(Continued)*

ii) Impairment of other non-current assets *(Continued)*

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

i) 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.

j) 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. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(h)(i).

k) 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.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) *Income tax*

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

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

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

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

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.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

l) *Income tax* *(Continued)*

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

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

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

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

  - the same taxable entity; or

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

m) *Provisions and contingent liabilities*

Provisions are recognised when the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Income from provision of corporate financial advisory services

Income from provision of corporate financial advisory services is recognised over time based on contractual terms specified in the underlying agreements as the customers simultaneously receives and consumes the benefits providing by the entity's performance and the revenue can be measured reliably.

(ii) Interest income

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

o) 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.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

o) Related parties *(Continued)*

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.

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

i) HKFRS 9, Financial instruments

ii) HKFRS 15, Revenue from contracts with customers

iii) HK(IFRIC) 22, Foreign currency transactions and advance consideration

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

i) HKFRS 9 Financial Instruments, including amendments to HKFRS 9, Prepayment features with negative compensation

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The adoption of HKFRS 9 has no significant impact on all financial instruments of the Group as at 1 January 2018 and there is no transitional impact to retained earnings. Details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The adoption of HKFRS 9 has no significant impact on the classification and measurement of its financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

i) *HKFRS 9 Financial Instruments, including amendments to HKFRS 9, Prepayment features with negative compensation* (Continued)

b) *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including trade and other receivable, rental and other deposits paid and cash and cash equivalents). The adoption of the new ECL model has no significant impact to the consolidated financial statements of the Group.

For further details on the Group's accounting policy for accounting for credit losses, see note 2(h)(i).

c) *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period. ln addition, there are no significant difference in the carrying amounts of financial assets resulting from the adoption of HKFRS 9.

— The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  — the determination of the business model within which a financial asset is held; and

  — if, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

Notes To The Financial Statements

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

ii) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group performed an assessment of the new standard and concluded that the current treatment of revenue from contracts with customers is consistent with the new principles. Except for the change in presentation of contract assets and liabilities, the adoption of HKFRS 15 does not have any material impact on the financial position and financial performance and there is no transitional impact to retained earnings. Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. The contract asset is transferred to receivables when the right to consideration becomes unconditional. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. As a result of this change in accounting policy, the “receipt in advance” amounting to HK$895,000 as at 1 January 2018 are now included in contract liabilities which has been fully recognised as income during the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

The key sources of estimation uncertainty are as follows:

i) *Impairment of plant and equipment*

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

The carrying amount of plant and equipment as at 31 December 2018 was approximately HK$117,000 (2017: HK$96,000).

ii) *Allowance for impairment of trade receivables and rental and other deposits paid*

The Group recognised lifetime ECL on trade receivables and rental and other deposits paid on individual basis. The estimation on ECL is required in assessing probability-weighted estimate of the credit loss within the relevant time band which is based on Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of condition at the end of each reporting period. If there is a significant increase in credit risk on the customers or debtors of the Group since initial recognition, additional ECL may be required.

There were no impairment on trade receivables and rental and other deposits paid as at 1 January 2018 and 31 December 2018 as the management of the Group considers the ECL for these balances are insignificant.

The carrying amount of trade receivables and rental and other deposits paid as at 31 December 2018 was approximately HK$2,484,000 (2017: HK$2,449,000).

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

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 2018 (2017: 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 2018 was approximately HK$117,000 (2017: HK$96,000).

v) Revenue recognition

The revenue from the provision of corporate financial services in Hong Kong is recognised over time. The Group uses the output method in accounting for its financial services contracts to deliver financial services. Use of the output method requires the Group to estimate the value of the services transferred to the customers by reference to the performance completed to date and the milestones reached. If there is a change in the estimates on the value of the transferred services, the amount of revenue recognised in the year would be higher or lower.

NOTES TO THE FINANCIAL STATEMENTS

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 2018 and 2017.

b) *Segment reporting*

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

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

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

Notes To The Financial Statements

6. PROFIT FROM OPERATIONS AND BEFORE TAXATION

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

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

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

7. INCOME TAX

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

	2018 HK$'000	2017 HK$'000
Current tax		
Hong Kong Profits Tax	**154**	2,039

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

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

Notes To The Financial Statements

7. INCOME TAX *(Continued)*

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

	2018 **HK$'000**	2017 HK$'000
Profit before taxation	**1,958**	15,417
Notional tax on profit before taxation, calculated at a rate of 8.25% (2017: 16.5%)	**162**	2,544
Tax effect of non-deductible expenses	**30**	18
Tax effect of prior year's tax losses utilised this year	**—**	(484)
Others	**(18)**	(9)
Special tax reduction	**(20)**	(30)
Actual tax expense	**154**	2,039

c) Deferred tax assets and liabilities not recognised

At 31 December 2018, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$534,000 (2017: HK$534,000) 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 2018 and 2017.

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 2018

	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	—	**3,384**	**18**	**3,402**
Mr. Lam Yick Hing	—	**1,281**	**18**	**1,299**
Independent Non-executive Directors				
Mr. Lee Wing Lun	**36**	—	—	**36**
Mr. Tam King Ho, Howard	**36**	—	—	**36**
Mr. Law Chor Yam	**36**	—	—	**36**
	108	**4,665**	**36**	**4,809**

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

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 December 2018 and 2017, 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 2018 and 2017.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2017: two) are directors whose emoluments are disclosed in note 8 above. The aggregate of the emoluments in respect of other three (2017: three) individuals are as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries and other emoluments	**3,707**	4,902
Contributions to retirement benefits scheme	**54**	54
	3,761	4,956

The emoluments of three (2017: three) individuals with the highest emoluments are within the following bands:

	2018 **Number of** **individuals**	2017 Number of individuals
HK$Nil–HK$1,000,000	**2**	2
HK$2,500,001–HK$3,000,000	**1**	—
HK$3,500,001–HK$4,000,000	**—**	1

There was no amount paid during the years ended 31 December 2018 and 2017 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 payable to equity shareholders of the Company attributable to the year ended 31 December 2017, approved and paid during the year*

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

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$1,804,000 (2017: HK$13,378,000) and the weighted average of 640,000,000 (2017: 640,000,000) ordinary shares in issue during the year.

b) *Diluted earnings per share*

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

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 2017	255	324	389	968
Additions	16	26	—	42
At 31 December 2017	271	350	389	1,010
Additions	—	66	—	66
At 31 December 2018	271	416	389	1,076
Accumulated depreciation				
At 1 January 2017	235	251	389	875
Charge for the year	10	29	—	39
At 31 December 2017	245	280	389	914
Charge for the year	10	35	—	45
At 31 December 2018	255	315	389	959
Carrying amount				
At 31 December 2018	16	101	—	117
At 31 December 2017	26	70	—	96

NOTES TO THE FINANCIAL STATEMENTS

14. SUBSIDIARIES

The following list contains the particulars of the subsidiaries at 31 December 2018.

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”)	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

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

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

a) Ageing analysis

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash at bank	**34,410**	36,454

As at 31 December 2018, cash at bank carry interest at market rates which is 0.001% (2017: 0.001%) per annum.

17. SHARE CAPITAL

	2018 Number of share	2018 HK$'000	2017 Number of share	2017 HK$'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	**2018** **HK$'000**	2017 HK$'000
Non-current asset			
Investments in subsidiaries		**113**	116
Current assets			
Due from a subsidiary		**10,000**	10,000
Dividend receivables		—	6,000
Prepayment		**150**	—
Cash and cash equivalents		**8,467**	5,755
		18,617	21,755
Net current assets		**18,617**	21,755
NET ASSETS		**18,730**	21,871
Capital and reserves			
Share capital	*17*	**6,400**	6,400
Reserves		**12,330**	15,471
TOTAL EQUITY		**18,730**	21,871

Approved and authorised for issue by the board of directors on 26 March 2019 and signed on its behalf by:

Mr. Chung Ho Yan	**Mr. Lam Yick Hing**
Director	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	**Share premium**	**(Accumulated losses)/ retained earnings**	**Subtotal**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 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
Interim dividend declared in respect of the current year (Note 11(a))	—	—	(2,000)	(2,000)	(2,000)
Balance at 31 December 2017 and 1 January 2018	6,400	11,887	3,584	15,471	21,871
Changes in equity for 2018:					
Loss for the year	—	—	(141)	(141)	(141)
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	(141)	(141)	(141)
Final dividend declared and approved in respect of the previous financial year (Note 11(b))	—	—	(3,000)	(3,000)	(3,000)
Balance at 31 December 2018	6,400	11,887	443	12,330	18,730

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

a) *Financial Instruments by categories*

	2018 HK$'000	2017 HK$'000
Financial assets		
Financial assets included in "trade and other receivables"	**1,285**	1,250
Rental and other deposits paid	**1,199**	1,199
Cash and cash equivalents	**34,410**	36,454
Loans and receivables	**36,894**	38,903
Financial liabilities		
Accrued expenses	**200**	200
Financial liabilities at amortised cost	**200**	200

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 a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

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, 97% (2017: 100%) of the total trade receivables was due from one customer. To measure the ECL, trade receivables have been assessed individually. In addition, the directors of the Company are of the opinion that there was no default occurred on trade receivables and the balances are still considered fully recoverable in accordance with the management's historical experience on the settlement pattern or record. Based on the assessment by the directors of the Company, the ECL for trade receivables are insignificant as at 1 January 2018 and 31 December 2018 and thus no impairment loss allowance was recognised.

NOTES TO THE FINANCIAL STATEMENTS

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

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

i) *Credit risk* *(Continued)*

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

The Group measures loss allowance for trade receivables at an amount equal to lifetime ECLs. To measure the ECL, trade receivables have been assessed individually. In addition, the directors of the Company are of the opinion that there was no default occurred on trade receivables and the balances are still considered fully recoverable in accordance with the management's historical experience on the settlement pattern or record. Based on the assessment by the directors of the Company, the ECL for trade receivables are insignificant as at 1 January 2018 and 31 December 2018 and thus no impairment loss allowance was recognised.

The following table provides information about the Group's exposure to credit risk for trade receivables as at 31 December 2018:

	Gross carrying amount HK$'000
Current (not past due)	**1,285**

Comparative information under HKAS 39:

Prior to 1 January 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2(h)(i) — policy applicable prior to 1 January 2018). The aging analysis of trade debtors that were not considered to be impaired was as follows:

	2017 HK$'000
Neither past due nor impaired	1,250

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

Notes To The Financial Statements

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

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

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 amortised cost are not materially different from their fair values as at 31 December 2018 and 2017.

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 2018 and 2017, 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.

Notes To The Financial Statements

21. OPERATING LEASE COMMITMENTS

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 HK$'000	2017 HK$'000
Within 1 year	**3,697**	4,033
After 1 year but within 5 years	**672**	4,369
	4,369	8,402

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.

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:

	2018 HK$'000	2017 HK$'000
Short-term employee benefits	**4,773**	5,754
Post-employment benefits	**36**	36
	4,809	5,790

b) *Other related party transactions*

The Group paid salaries and allowances of approximately HK$2,727,000 (2017: HK$3,487,000) and contributions to retirement benefits scheme of approximately HK$18,000 (2017: HK$18,000) to a close family member of a director of the Company during the year ended 31 December 2018.

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 2018, 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 2018

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 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, Leases	1 January 2019
HK (IFRIC)-Int 23, Uncertainty over income tax treatments	1 January 2019
Annual improvements to HKFRS 2015–2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group and further impacts may be identified before the standard is initially applied in the Group's annual financial report for the year ending 31 December 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

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 2018 *(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. HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. As disclosed in note 21 at 31 December 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$4,369,000 for properties, the majority of which is payable within one year after the reporting date. The Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

Financial Summary

Annual results for the three years ended 31 December 2018

	For the year ended 31 December				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Revenue	10,095	17,572	18,035	36,044	**20,215**
Net (loss)/profit attributable to the equity holders of the Company	(6,052)	2,534	1,471	13,378	**1,804**

	As at 31 December				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Total assets	21,356	23,668	25,754	39,401	**37,464**
Total liabilities	472	250	865	3,134	**2,393**
Total equities	20,884	23,418	24,889	36,267	**35,071**