

VINCO  域高

VINCO FINANCIAL GROUP LIMITED

域高金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8340



Third Quarterly Report 2020

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

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

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

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This report, for which the directors of Vinco Financial Group Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$6.94 million for the nine months ended 30 September 2020.
- The Group recorded a loss for the three months ended 30 September 2020 amounting to HK\$1.41 million and the loss attributable to shareholders for the nine months ended 30 September 2020 to approximately HK\$1.35 million.
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2020.

Third Quarterly Results (Unaudited)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three and nine months ended 30 September 2020 together with the comparative unaudited figures for the corresponding periods in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	2	1,060	4,156	6,941	9,634
Other income		331	—	442	—
Operating expenses		(2,800)	(2,976)	(8,732)	(12,150)
(Loss)/profit from operations and before taxation		(1,409)	1,180	(1,349)	(2,516)
Income tax	4	—	—	—	—
(Loss)/profit for the period and attributable to owners of the Company		(1,409)	1,180	(1,349)	(2,516)
Other comprehensive income for the period, net of income tax		—	—	—	—
Total comprehensive (expenses)/income for the period attributable to owners of the Company		(1,409)	1,180	(1,349)	(2,516)
(Loss)/earnings per share					
Basic earnings per share (Hong Kong cents)	5	(0.22)	0.18	(0.21)	(0.39)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	<u>Attributable to equity holders of the Company</u>			
	Share Capital HK\$'000	Share premium and reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2019	6,400	21,787	6,884	35,071
(Loss) for the year	—	—	(6,692)	(6,692)
At 31 December 2019 and at 1 January 2020	6,400	21,787	192	28,379
(Loss) for the period	—	—	(1,349)	(1,349)
At 30 September 2020	6,400	21,787	(1,157)	27,030

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated third quarterly financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

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

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

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

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

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

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

2. REVENUE

The principal activity of the Group is the provision of financial services in Hong Kong. Revenue represents income from the provision of corporate financial advisory services for the nine months ended 30 September 2020 and 2019.

3. SEGMENT INFORMATION

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

4. INCOME TAX

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

	Nine months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	—	—

No provision for the Hong Kong Profits Tax has been provided in the financial statements as the Company incurred a tax loss for the nine months ended 30 September 2020 (2019: 16.5%).

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

5. LOSS/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$1,349,000 (2019: loss of HK\$2,516,000) and the weighted average of 640,000,000 (2019: 640,000,000) ordinary shares in issue during the year.

b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue for the nine months ended 30 September 2019 and 2020, and diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

For the nine months ended 30 September 2020, the Group continued to focus on its principal business in relation to the provisional of corporate finance advisory services in Hong Kong. Although our corporate finance advisory operations experienced severe competitions from competitors, we have managed to complete over twelve corporate finance advisory related projects and one initial public offering project. The overall business performance of the Group has been suffered from the outbreak of the novel coronavirus (COVID-19) (the “Pandemic”). The Pandemic had adversely affect the business performance of the Group during the period as certain prevention and control policies such as travel restrictions imposed by worldwide nations to curb the spread of the COVID-19, which have disrupted the Group’s marketing activities as well as the due diligence to be performed on clients including on-site visits and face-to-face interviews, which are crucial in risk assessment undertaken by the Group. During the first nine months of 2020, a number of the Group’s projects have to be delayed or halted as those clients’ financial performance have been deteriorated mainly because of the continuous compulsory lockdown at their countries as well as the continuous weak business sentiment caused by Pandemic and number of engagements for corporate finance advisory services undertaken by the Group has been decreased.

OUTLOOK

The economic outlook for the rest of 2020 remains uncertain due to the Pandemic and the upcoming presidential election in the USA, global and local markets are expected to be volatile. The Group foresees such uncertainty is expected to continue to affect the Group’s performance until 2021 when the Pandemic eases and the domestic and global markets show signs of recovery. To maintain our competitiveness in the market, the Group will continue to focus on the general corporate finance advisory services as well as initial public offerings related projects in Hong Kong. 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.

As Hong Kong is one of the leading financial centers in the world, the management remains optimistic about the prospects of the corporate finance advisory services industry. Furthermore, the whole management has joined the Group for over ten years and the management believes the business of the Group is viable, sustainable and with good prospect in the long run.

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$6.94 million for the nine months ended 30 September 2020. The Group recorded loss for the three months ended 30 September 2020 amounting to HK\$1.41 million and a net loss of approximately HK\$1.35 million for the nine months ended 30 September 2020. The Group remained in a healthy and sound liquidity position as at 30 September 2020.

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. As at 30 September 2020, the total number of the ordinary shares of the Group was 640,000,000 shares.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities.

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

As at 30 September 2020, the interests or short positions of the Directors and chief executive of the Company in the share ("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 the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of shares directly and beneficially held	Approximate percentage of shareholdings
Mr. Chung Ho Yan (Note 1)	Beneficial owner/through controlled corporation	344,680,000	53.86%

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.

Save as disclosed herein, as at 30 September 2020, 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.

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

As at 30 September 2020, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interests in the Company

Names	Nature of interest	Number of ordinary Shares beneficially held	Approximate percentage of shareholdings
Mr. Chung Ho Yan (Note 1)	Beneficial owner/through controlled corporation	344,680,000	53.86%
Vinco Asia Limited (Note 1)	Beneficial owner	326,400,000	51%

Note:

- (1) 18,280,000 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.

Save as disclosed above, as at 30 September 2020, 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' and Supervisors' Interest in a Competing Business or conflict of interest

For the nine months ended 30 September 2020, the Directors are not aware of any business or interest of the Directors, the Supervisors, the management shareholders of the Company and their associates (as defined under the GEM Listing Rules) that compete or may compete (directly or indirectly) with the business of the Company and any other conflicts of interests which any such person has or may have with the Company.

Share Option Scheme

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

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

During the nine months ended 30 September 2020, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Code of Conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the nine months ended 30 September 2020.

CORPORATE GOVERNANCE

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

Coder provisions set out in the CG Code and Report

Reason for deviations

A.2	The Chairman and Chief Executive Officer of the Company were performed by the same individual.	The Company’s size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer. The Group has in place internal control system to perform the check and balance function.
A.4.1	The non-executive Directors should be appointed for specific terms, subject to reelection.	The Company has deviated from this provision in that all independent non-executive Directors are not appointed for specific terms; however, they are 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.

The Company is also in the progress of assessing the effect of the implementation of CG Code and Report on the Company’s operation. Save as disclosed, the Company has met the code provisions set out in the CG Code and Report throughout the nine months ended 30 September 2020.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises of one executive Director, namely Mr. Chung Ho Yan and two independent non-executive Directors, namely Mr. Lee Wing Lun (chairman of the remuneration committee) and Mr. Tam King Ho, Howard.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the nomination committee are formulating nomination policy and making recommendations to the Board on nomination and appointment of directors and board succession. The nomination committee comprises of one executive Director, namely Mr. Chung Ho Yan (chairman of the nomination committee) and two independent non-executive Directors, namely Mr. Lee Wing Lun and Mr. Tam King Ho, Howard.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises of three independent non-executive Directors, namely Mr. Lee Wing Lun (chairman of the audit committee), Mr. Tam King Ho, Howard and Mr. Law Chor Yam.

The audit committee has reviewed the financial statements of the Group for the nine months ended 30 September 2020 pursuant to the relevant provisions contained in the CG Code and Report as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

Hong Kong, 22 October 2020

As at the date of this report, the executive directors of the Company are Mr. Chung Ho Yan and Mr. Lam Yick Hing and the independent non-executive Directors are Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Law Chor Yam.