

VINCO FINANCIAL GROUP LIMITED

域高金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8340



First Quarterly Report 2021

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

- Revenue of the Group for the three months ended 31 March 2021 amounted to approximately HK\$1.15 million.
- Net loss attributable to owners of the Company for the three months ended 31 March 2021 amounted to approximately HK\$1.77 million (2020: net profit of approximately HK\$1.49 million).
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2021 (2020: nil).

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
P.O. 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

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.vinco.com.hk

STOCK CODE

8340

First Quarterly Results (Unaudited)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021 together with the comparative unaudited figures for the corresponding periods in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended	
		31 March	
	Notes	2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	2	1,151	4,532
Operating expenses		(2,920)	(3,041)
(Loss)/profit from operations and before taxation		(1,769)	1,491
Income tax	4	—	—
(Loss)/profit for the period and attributable to owners of the Company		(1,769)	1,491
Other comprehensive income for the period, net of income tax		—	—
Total comprehensive (loss)/income for the period attributable to owners of the Company		(1,769)	1,491
(Loss)/earnings per share (expressed in HK cents per share)			
— Basic and diluted	5	(0.28)	0.23

NOTES:

1. BASIS OF PREPARATION

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

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

Items included in the unaudited condensed consolidated first quarterly financial statements of each entity of the Group are measured using the currency of 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 three months ended 31 March 2021 and 2020.

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

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 basis (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK\$1,769,000 (2020: profit attributable to the owners of the Company of approximately HK\$1,491,000) and the weighted average of 640,000,000 (2020: 640,000,000) ordinary shares in issue during the year.

b) Diluted earnings per share

There were no dilutive potential ordinary shares in issue for the three months ended 31 March 2021 and 2020, and diluted earnings per share is the same as basic earnings per share.

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2021 (for the three months ended 31 March 2020: nil).

Management Discussion and Analysis

FINANCIAL REVIEW

The revenue of the Group was approximately HK\$1.15 million for the three months ended 31 March 2021. The net loss attributable to owners of the Group for the three months ended 31 March 2021 was approximately HK\$1.77 million (2020: net profit of approximately HK\$1.49 million). The Group stayed in a healthy and sound liquidity position.

BUSINESS REVIEW

During the period under review, the Group is continuously engaged in provisional of corporate finance related services in Hong Kong. The performance of the Group had been temporarily impacted and faced unprecedented challenges, including the outbreak of coronavirus disease (COVID-2019) (“COVID-19”) and uncertainty for the HKEX’s proposal to increase the profit requirement for a Main Board listing, which have negatively affected the number of engagements for corporate finance advisory services handled by the Group.

During the reporting period, the COVID-19 pandemic had continued to adversely affect the business performance of the Group as certain prevention and control policies such as travel restrictions imposed by worldwide nations to curb the spread of COVID-19, which have disrupted the Group’s marketing activities as well as the due diligence procedures to be performed on clients including on-site visits and face-to-face interviews, which are crucial in risk assessment undertaken by the Group. Such precautionary and control measures have been and continued to be temporarily impacted the Group’s initial public offering business. Moreover, some clients’ financial performance have been deteriorated mainly because of the continuous weak business sentiment caused by COVID-19 pandemic. On the other hand, a number of the Group’s projects have to be delayed or halted as some clients would like to withhold their listing exercises due to the uncertainty of the proposed changes in the Main Board profit requirement. Although the business operations of the Group continued to experience severe competitions from competitors, the Group has managed to complete five corporate finance advisory related projects in the first quarter of this year.

OUTLOOK

As the duration of various factors including the continued tensions between the US and China and the COVID-19 pandemic are yet to be resolved, the business and operation environments of the Group will remain challenging in 2021. Looking ahead, the operating environment is envisaged to remain challenging as the COVID-19 pandemic unfortunately will not come to end within a short period of time. The mobility of the Group's staff and potential customers have been restricted and the marketing activities will be slowdown and limited to non-face-to-face meeting. In light of these uncertainties, the Company expects these factors will temporarily affect our financial performance in the rest of 2021 until the COVID-19 eases, the domestic and global market show signs of recovery as well as there are no travel restrictions within Asia. In view of the uncertainty about the extent and continuity of the epidemic, the Board of directors of the Company will continue closely pay attention to the Group's business activities and make continuous assessment of the impact of the epidemic on the Group's financial performance. 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. In the meantime, the Group will continue to seek for business opportunities in other financial related services so as to generate greater value for the shareholders. As one of the active one-stop local corporate finance advisory firms in Hong Kong, the management of the Group is of the opinion that the business of the Group is on the right track and the business of the Group is viable and sustainable.

CONTINGENT LIABILITIES

As at 31 March 2021, 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

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the shares (“Shares”), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were notified to the Company and the Hong Kong Stock Exchange Limited 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 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, were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of shares beneficially held	Approximate percentage of shareholdings
Mr. Chung Ho Yan (Note 1)	Beneficial owner/through controlled corporation	138,790,000	21.69%

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 138,790,000 Shares held by Vinco Asia Limited under the SFO.

Save as disclosed herein, as at 31 March 2021, 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 have taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2021, 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 beneficially held	Approximate percentage of shareholdings
Mr. Chung Ho Yan (Note 1)	Beneficial owner/through controlled corporation	138,790,000	21.69%
Vinco Asia Limited (Note 1)	Beneficial owner	138,790,000	21.69%

Note:

- 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 138,790,000 Shares held by 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 31 March 2021, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Directors' Interest in a Competing Business

For the three months ended 31 March 2021, 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.

Share Option Scheme

No share options have been granted nor has any existing share option scheme been adopted by the Company as at the date of this report.

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

During the three months ended 31 March 2021, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

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 CCGP.

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. 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.

The Company is in the progress of accessing 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 three months ended 31 March 2021.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the three months ended 31 March 2021.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the remuneration committee are to review and to 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 to formulate nomination policy and to make 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 on in compliance with the GEM Listing Rules. The principal 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 three-month period ended 31 March 2021 pursuant to the relevant provisions contained in the Corporate Governance Code and Corporate Governance 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, 23 April 2021

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.