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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF 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 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.

SUMMARY

- Revenue of the Group for the year ended 31 December 2017 amounted to approximately HK$36.04 million (2016: approximately HK$18.04 million), representing an increase of approximately 99.86% as compared with the year ended 31 December 2016.
- Net profit attributable owners of the Company for the year ended 31 December 2017 amounted to approximately HK$13.38 million (2016: approximately HK$1.47 million).
- The board of directors (the "Board") recommend a final dividend of HK$3.00 million for the year ended 31 December 2017 (2016: nil).

CONSOLIDATED RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2017 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	3(a)	36,044	18,035
Operating expenses		(20,627)	(16,564)
Profit from operations and before taxation	4	15,417	1,471
Income tax	5	(2,039)	-
Profit for the year and attributable to owners of the Company		13,378	1,471
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year attributable to owners of the Company		13,378	1,471
Earnings per share (expressed in HK cents per share)			
- Basic and diluted	6	2.09	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Plant and equipment		96	93
Rental and other deposits paid		1,199	-
		1,295	93
Current assets			
Rental and other deposits paid		-	1,038
Trade and other receivables	7	1,652	446
Cash and cash equivalents		36,454	24,177
		38,106	25,661
Current liabilities			
Accrued expenses		200	155
Receipt in advance		895	710
Tax payable		2,039	-
		3,134	865
Net current assets		34,972	24,796
NET ASSETS		36,267	24,889
Capital and reserves			
Share capital		6,400	6,400
Reserves		29,867	18,489
TOTAL EQUITY		36,267	24,889

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

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

NOTES

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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.

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

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

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

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

3. REVENUE AND SEGMENT REPORTING

a) Revenue

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

b) Segment Reporting

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

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

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

4. PROFIT FROM OPERATIONS AND BEFORE TAXATION

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

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

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

5. INCOME TAX

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

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

The provision of Hong Kong Profits Tax for the year ended 31 December 2017 is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax for the year ended 31 December 2016 has been made in the consolidated financial statements as the Group has accumulated tax losses brought forward which exceeds the estimated assessable profits arising in Hong Kong.

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

6. EARNINGS PER SHARE

a. Basic earnings per share

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

b. Diluted earnings per share

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

7. TRADE AND OTHER RECEIVABLES

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

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

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

Trade receivables are due within 60 days from the date of billing.

8. DIVIDENDS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group continued to focus on its principal business in relation to the provisional of corporate financial advisory services in Hong Kong. Despite the unstable market situation, we have completed over twelve corporate finance advisory related projects and five initial public offering project as of 31 December 2017.

FINANCIAL REVIEW

Results of the Group

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

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

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$36.45 million as at 31 December 2017. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity to meet operation requirements and acquisition opportunities.

Final Dividend

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

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

Capital structure

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

Charge on Group's assets

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

Hedging

Since majority of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk had been implemented during the year ended 31 December 2017 (2016: nil).

Information on employees

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

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

Contingent liabilities

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

Significant investment

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

Outlook

Looking forward, the operation environments of the Group continue to be challenging, the Group will continue to provide a comprehensive one-stop advisory service for all of our customers. In cope with the uncertainties in the capital market, the management remains optimistic and the Group will continue to focus on the corporate finance advisory services as well as IPO-related projects. Meanwhile, the Group will also continue to seek for business opportunities in other financial related services so as to generate greater value for the shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices.

Throughout the financial year ended 31 December 2017, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code and Report"), except for the deviations to Code Provisions A.2.1 and A.4.1 as explained in the Corporate Governance Report which will be included in the annual report to be published by the Company in due course.

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.

AUDIT COMMITTEE

The Company established the Audit Committee 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 of three Independent Non-executive Directors, Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Law Chor Yam. The Audit Committee held 4 meetings for the year ended 31 December 2017. The Audit Committee members have reviewed this annual results announcement and have provided advice and comments thereon.

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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 27 April 2018 to Thursday, 3 May 2018, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 26 April 2018.

For entitlement to the proposed final dividend, the register of members will be closed from Thursday, 10 May 2018 to Friday, 11 May 2018, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend payable on or about Monday, 21 May 2018, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 May 2018.

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

Hong Kong, 26 March 2018

As at the date hereof, the Board comprises Mr. Chung Ho Yan and Mr. Lam Yick Hing being executive directors of the Company; and Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Law Chor Yam being the independent non-executive directors of the Company.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the date of its posting and on the website of the Company at http://www.vinco.com.hk.