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 2020

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 midsized 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 announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 announcement 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 announcement misleading.

SUMMARY

- Revenue of the Group for the year ended 31 December 2020 amounted to approximately HK$8.62 million.

- Net loss attributable to owners of the Company for the year ended 31 December 2020 was decreased by 58.56% to approximately HK$2.77 million compared with net loss of approximately HK$6.69 million for the year ended 31 December 2019.

- The Directors do not recommend any final dividend for the year ended 31 December 2020.

CONSOLIDATED RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	3(a)	8,620	11,148
Operating expenses		(11,342)	(17,727)
Loss from operations		(2,722)	(6,579)
Finance cost		(51)	(113)
Loss before taxation	4	(2,773)	(6,692)
Income tax	5	-	-
Loss for the year and attributable to owners of the Company		(2,773)	(6,692)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year attributable to owners of the Company		(2,773)	(6,692)
Loss per share (expressed in HK cents per share)			
- Basic and diluted	6	(0.43)	(1.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		275	2,739
Rental and other deposits paid		673	673
		948	3,412
Current assets			
Trade and other receivables	7	142	362
Cash and cash equivalents		25,322	27,573
		25,464	27,935
Current liabilities			
Accrued expenses		200	200
Contract liabilities		240	-
Lease liabilities		166	2,222
Tax payable		-	155
		606	2,577
Net current assets		24,858	25,358
Non-current liabilities			
Lease liabilities		-	191
Provision		200	200
		200	391
NET ASSETS		25,606	28,379
Capital and reserves			
Share capital		6,400	6,400
Reserves		19,206	21,979
TOTAL EQUITY		25,606	28,379

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to the owners of the Company					
		Reserves				
	Share capital	Share premium	Merger reserve	Retained earnings / (Accumulated losses)	Subtotal	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2019	6,400	11,887	9,900	6,884	28,671	35,071
Changes in equity for 2019:						
Loss for the year	-	-	-	(6,692)	(6,692)	(6,692)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(6,692)	(6,692)	(6,692)
Balance at 31 December 2019 and 1 January 2020	6,400	11,887	9,900	192	21,979	28,379
Changes in equity for 2020:						
Loss for the year	-	-	-	(2,773)	(2,773)	(2,773)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,773)	(2,773)	(2,773)
Balance at 31 December 2020	6,400	11,887	9,900	(2,581)	19,206	25,606

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 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 2 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.

The consolidated financial statements for the year ended 31 December 2020 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 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.

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

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

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. Other than the amendment to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

i) Amendments to HKFRS 16, COVID-19 Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognized in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

3. REVENUE AND SEGMENT REPORTING

a) Revenue

The principal activity of the Group is the provision of financial services in Hong Kong. Disaggregation of revenue is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Income from provisions of corporate financial advisory service	7,996	11,139
Revenue from other sources:		
Interest income on financial assets measured at amortised cost	1	9
Government grants (Note (i))	546	-
COVID-19 related rent concessions received	77	-
	624	9
	8,620	11,148

(i) In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

b) Segment reporting

During the years ended 31 December 2020 and 2019, 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:

	2020 HK$'000	2019 HK$'000
Customer A	3,841	2,928
Customer B	960	-
Customer C	840	1,540
Customer D	-	2,476

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2020 HK$'000	2019 HK$'000
a) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan	164	174
Salaries and other benefits	7,024	9,542
	7,188	9,716

	2020 HK$'000	2019 HK$'000
b) Other items:		
Auditor's remuneration		
- audit services	200	200
Depreciation of plant and equipment	339	303
Depreciation of right-of-use assets	2,125	1,947
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	-	1,161
Loss on disposal of property, plant and equipment	-	17

5. INCOME TAX

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

No provision for Hong Kong Profits tax has been provided for in the financial statements as the Group has no estimated assessable profit for the years ended 31 December 2020 and 2019.

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

6. LOSS PER SHARE

a. Basic loss per share

The calculation of basis loss per share is based on the loss attributable to the owners of the Company of approximately HK$2,773,000 (2019: Loss attributable to the owners of the Company of approximately HK$6,692,000) and the weighted average of 640,000,000 (2019: 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 2020 and 2019, and diluted earnings per share is the same as basic earnings per share.

7. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	140	360
Less: allowance for doubtful debts	-	-
	140	360
Deposits and prepayments	2	2
	142	362

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:

	2020 HK$'000	2019 HK$'000
Within 3 months	140	360

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

8. DIVIDENDS

The board did not recommand the payment of a final dividend for the years ended 31 December 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year, the Group continued to focus on its principal business in relation to the provisional of corporate finance related services in Hong Kong including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. 2020 is a very challenging year for Hong Kong and the global economies amid the outbreak of the novel coronavirus ("COVID-19"), the ongoing trade disputes between China and the United States, the political unrest in Hong Kong.

Under the COVID-19 pandemic, the global market condition was deteriorated due to lockdown in many nations such as China and United States which adversely influenced the business activities around the world and raised concerns about the recession of economies. In March 2020, the Hang Seng Index sharply dropped approximately 25% to the bottom of 21,696 points from the peak of 29,056 points in January 2020 and it rebounded to 27,231 points on the last trading day of 2020. In such volatile financial market, the overall business performance of the Group had been impacted which resulted to decrease in number of engagements for corporate finance advisory services handled by the Group and the keen competition in pricing for corporate finance advisory services deals. Despite the unstable market situations, we have completed over 16 corporate finance advisory related projects and one initial public offering project as of 31 December 2020.

FINANCIAL REVIEW

Results of the Group

The revenue of the Group was approximately HK$8.62 million during the year (2019: approximately HK$11.15 million). The net loss attributable to owners of the Company for the year ended 31 December 2020 was decreased by 58.56% to approximately HK$2.77 million compared with loss of approximately HK$6.69 million in 2019 mainly due to tighten the cost control on office rental, year-end bonus and travelling expenses.

The Group believes that such loss was mainly attributable to the combination effects of (i) the ongoing trade tension between China and the United States and the uncertainties brought about by the United States' election; (ii) the political unrest in Hong Kong; and particularly due to (iii) the COVID-19 pandemic. The Board considered that reduced in turnover was mainly attributable to the temporary decrease in the number of engagements for corporate finance advisory services undertaken by the Group as a result of the outbreak of COVID-19. The COVID-19 pandemic had adversely affected the business performance of the Group during the year 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 to be performed on clients including on-site visits and face-to-face interviews, which are crucial in risk assessment undertaken by the Group. Based on the Group's track record, one of the key businesses of the Group is to act as the sponsor for initial public offering project. In the last five years, over 65% of the completed initial public offering projects are from companies based in Southeast Asia country. Such precautionary and control measures have been and continued to be impacted the Group's initial public offering business.

In addition, 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 the COVID-19 pandemic and the intense trade dispute between China and the United States. The clients need to strictly follow the local government's new measures to stop the spread of the COVID-19, therefore the resumption of their business operation is subject to the approval of their local government's review which also impact their financial performance. Moreover, the continuous political unrest in Hong Kong has leaded to postponement to some of our projects as clients' worries over domestic uncertainties might have weakened investment sentiment to the local capital markets and thus affected the valuation and fund-raising amount of the clients.

As at 31 December 2020, the Group had total assets of approximately HK$26.41 million (2019: approximately HK$31.35 million). The net assets value of the Group was approximately HK$25.61 million as at 31 December 2020 (2019: approximately HK$28.38 million).

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$25.32 million as at 31 December 2020. The Group's gearing ratio, defined as the Group's total borrowings divided by total equity, was nil. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

Capital structure

The capital of the Company comprises only ordinary shares. As at 31 December 2020, 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 2020, the Group did not have any charge on its assets (2019: 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.

Information on employment

As at 31 December 2020, the Group had a workforce of 15 employees (2019: 15). The total staff costs, including the directors' emoluments, amounted to approximately HK$7.19 million for the year under review (2019: approximately HK$9.72 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 2020, the Group did not have any significant contingent liabilities (2019: nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2020 (2019: nil).

Event after reporting period

There was no significant event after the year ended 31 December 2020 and up to the date of this announcement.

Outlook

As certain of uncertainties including but not limited to escalation in tensions between the China and the United States and the COVID-19 pandemic are yet to be resolved, the business and operation environments of the Group will remain challenging in 2021. In light of the slowdown in the global economy and the impact of the COVID-19, the Directors expect that there will still be high volatility in the market which adversely affected the overall business of the Group 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. Based on the Company's current assessment, the uncertainty is expected to continue to temporarily affect the Group's performance most of the time during 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.

Nevertheless, as Hong Kong is one of the leading financial centers in the world, the management remains optimistic about the prospects of the financial services industry in the mid to long run. Over the years, we have built strong ties with customers and professional parties. We provide quality advisory services to our customers and maintain services quality satisfaction. The Group will continue to focus on the corporate finance advisory services as well as IPO-related projects with a particular focus on industries least impacted by COVID-19. 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. Despite the uncontrollable and unforeseeable short term adverse factors, like COVID-19, which have temporary affected numerous businesses in Hong Kong, including the Group's business, the Board believes the business of the Group is viable and sustainable.

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 2020, 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'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.

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, 30 April 2021 to Wednesday, 5 May 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 29 April 2021.

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

Hong Kong, 29 March 2021

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 Listed Company Information" 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.