

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 RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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 announcement, for which the directors (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 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.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$12.82 million for the nine months ended 30 September 2021 as compared to approximately HK\$6.94 million for the corresponding period in 2020.
- Profit attributable to owners of the Company for the nine months ended 30 September 2021 to approximately HK\$4.58 million as compared to loss attributable to owners of the Company of approximately HK\$1.35 million for the corresponding period in 2020.
- Profit attributable to owners of the Company for the three months ended 30 September 2021 amounted to approximately HK\$5.18 million which reduced the overall loss attributable to owners of the Company of approximately HK\$606,000 for the six months ended 30 June 2021 and increased the profit attributable to owners of the Company of approximately HK\$4.58 million for the nine months ended 30 September 2021.
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2021.

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 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 30 September		Nine months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
	Notes				
Revenue	2	7,920	1,060	12,815	6,941
Other income		-	331	-	442
Operating expenses		(2,539)	(2,800)	(8,040)	(8,732)
Profit/ (loss) from operations and before taxation		5,381	(1,409)	4,775	(1,349)
Income tax	4	(200)	-	(200)	-
Profit/ (loss) for the period and attributable to owners of the Company		5,181	(1,409)	4,575	(1,349)
Other comprehensive income for the period, net of income tax		-	-	-	-
Total comprehensive income/ (expenses) for the period attributable to owners of the Company		5,181	(1,409)	4,575	(1,349)
Earnings/ (loss) per share (expressed in HK cents per share)					
- Basic and diluted	5	0.81	(0.22)	0.71	(0.21)

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2021

	Attributable to owners of the Company			
	Share capital HK\$'000	Share premium and reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total equity HK\$'000
Balance at 1 January 2020	6,400	21,787	192	28,379
Loss for the year	-	-	(2,773)	(2,773)
Balance at 31 December 2020 and at 1 January 2021	6,400	21,787	(2,581)	25,606
Profit for the period	-	-	4,575	4,575
Balance at 30 September 2021	6,400	21,787	1,994	30,181

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 GEM of the Stock Exchange.

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 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

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

	Nine months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	200	-

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 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. Earnings/ (Loss) Per Share

a) Basic earnings/ (loss) per share

The calculation of basic earnings/ (loss) per share is based on the profit attributable to owners of the Company of approximately HK\$4,575,000 (2020: loss attributable to owners of the Company of approximately HK\$1,349,000) and the weighted average of 640,000,000 (2020: 640,000,000) ordinary shares in issue during the periods.

b) Diluted earnings/ (loss) per share

There were no dilutive potential ordinary shares in issue for the nine months ended 30 September 2021 and 2020, and diluted earnings/ (loss) per share is the same as basic earnings/ (loss) per share.

6. Dividend

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2021 (2020: Nil).

Management Discussion and Analysis

Business Review

During the period under review, the Group is engaged in provisional of financial related services in Hong Kong. The business of the Group had been temporarily impacted and faced unforeseeable and uncontrollable challenges due to the outbreak of the global coronavirus disease (COVID-2019) (“COVID-19”), which have negatively affected the day-to-day business of the Group in the short run.

In the third quarter of 2021, the cross-border restrictions in Hong Kong have remain imposed owing to the latest developments of the COVID-19 epidemic situation as well as confirmed cases of coronavirus variants in the Southeast Asia and European countries. Extra precautionary and control measures have been announced by some countries and regions. Due to the surge of confirmed cases in Singapore, the condition for launching of the highly anticipated Air Travel Bubble (“ATB”) could not be met between the Hong Kong and Singapore governments and the bilateral ATB has subsequently terminated for discussion. The travel restrictions due to COVID-19 had continued to temporarily affect the Group from performing the normal marketing and due diligence procedures to be performed on clients including on-site visits and face-to-face interviews.

Despite COVID-19 pandemic remains temporarily and adversely affected globally, many companies continue against the challenging business environments and adopted to the new norm. Similarly, the Group has also adopted to the new norm under the pandemic. The management of the Group has been actively looking for business opportunities and possible geographic diversification in order to maintain a balanced business portfolio. The Group has taken active approach to allocate more resources in Hong Kong and the PRC markets and the Group has successfully mandated a number of new projects from Hong Kong and from the PRC which required less overseas travel. By leveraging on the managements’ connections and business network, the Group has actively maintained frequent communication with existing customers and potential new customers in relation to potential business opportunities. The results of the Group have been improving since the second quarter of 2021 and has shown sign of recovery as the Group has recorded a profit attributable to owners of the Company for the three months ended 30 June 2021. For the nine months ended 30 September 2021, the Group’s turnover has already exceeded the corresponding period in 2020 and the Group has successfully turnaround its overall financial performance to a profit in the third quarter. The Group is confident that with the adoption to the new norm and with the implementation of the strategies mentioned in above, the financial performance of the Group will continue to improve in long run. Although the business operations of the Group continued to be temporarily affected by the COVID-19 which is uncontrollable by the Group, the Group has managed to complete around fourteen advisory related projects.

Outlook

Looking forward, the business environment in Hong Kong is envisaged to remain challenging as several coronavirus variants had emerged that could be more vaccine resistant over the last couple of months. More stringent measures are expected to be imposed to prevent the spread of variants. In light of these uncertainties, the Company expects these factors will temporarily affect our business activities in 2021 and expects the impact of the epidemic may moderate gradually in 2022 with the massive vaccination program underway around the world. The

Company is confident that the global economy will continue to improve as more and more nations will boost up the vaccination rates in order to rebuild their economies and create jobs to fuel growth. In view of the uncertainties about the extent and continuity of the epidemic, the Group will continue to try to adjusting and modifying our business strategies so as to be flexibly prepared for uncertainties and to increase our scale of operations by trying to secure more advisory related transactions for which less overseas business travel is required and also allocating more resources in Hong Kong and the PRC markets to explore more advisory related projects and initial public offerings related projects so as to enhance the financial performance of the Group.

In preparation for the market developments, the Group will make steady progress in accordance with its marketing plans and its actual operational conditions from time to time, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it. In the meantime, the Group will continue to seek for business opportunities in other financial related services so as to strengthen the competitive edge of the Group over competitors in the financial industry and expanding the business in order to increase shareholders' return as well as to increase the scale of operation. The Group is confident to be able to tackle and alleviate the adverse impacts of the epidemic. As one of the active one-stop local corporate finance advisory firms in Hong Kong, 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 in the long run.

Financial Review

The Group recorded a turnover of approximately HK\$12.82 million for the nine months ended 30 September 2021 (2020: approximately HK\$6.94 million). The profit attributable to owners of the Company for the nine months ended 30 September 2021 was approximately HK\$4.58 million (2020: loss attributable to owners of the Company of approximately HK\$1.35 million). Although the business operation of the Group has been temporarily affected by the uncontrollable COVID-19 pandemic as mentioned above, the Group has managed to turnaround our financial performance by adjusting the Group's marketing strategies. The improvement in revenue is primarily attributed to the new potential projects and advisory related transactions mandated by the Group. The Group remained in a healthy and sound liquidity position as at 30 September 2021. In fact, the Group overall performance is catching up in the third quarter as compared with the last corresponding period. The Group recorded a profit attributable to owners of the Company for the three months ended 30 September 2021 amounted to approximately HK\$5.18 million which reduced the overall loss attributable to owners of the Company of approximately HK\$606,000 for the six months ended 30 June 2021 and increased profit attributable to owners of the Company of approximately HK\$4.58 million for the nine months ended 30 September 2021.

Capital Structure

The capital of the Group comprises only ordinary shares. As at 30 September 2021, the total number of the ordinary shares of the Group was 640,000,000 shares.

Contingent Liabilities

As at 30 September 2021, the Group did not have any significant contingent liabilities.

Additional Information Required by the GEM Listing Rules

Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any associated corporation

As at 30 September 2021, the interests or short positions of the Directors and chief executives of the Company and their associates in the share ("Shares"), underlying shares and debentures of the Company or any 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. Lee Chun Wai	Beneficial owner	138,790,000	21.69%

Save as disclosed herein, as at 30 September 2021, none of the Directors or chief executives of the Company nor their associates had any interests and short positions in any shares, underlying shares or debentures of the Company and its 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 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:

Interests in the Company

Names	Nature of interest	Number of ordinary Shares beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	138,790,000	21.69%

Save as disclosed above, as at 30 September 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 nine months ended 30 September 2021, the Directors are not aware of any business or interest of the Directors, 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 2021, 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 2021.

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 complied with the code provision set out in CG Code and Report during the nine months ended 30 September 2021.

**Code provisions set out in the
CG Code and Report****Reason for deviations**

- | | |
|--|---|
| A.2.1 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 Board has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

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. Lee Chun Wai 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. Lee Chun Wai (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 ("Audit Committee") with written terms of reference in compliance with the provision of the code provisions set out in Appendix 15 of 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. Choi Tak Fai.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2021 and is of the opinion that the preparation of such results complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements and has been adequately disclosed.

By order of the Board
Vinco Financial Group Limited

Lee Chun Wai
Chairman

Hong Kong, 22 October 2021

As at the date of this announcement, the executive directors of the Company are Mr. Lee Chun Wai and Mr. Lam Yick Hing and the independent non-executive Directors are Mr. Lee Wing Lun, Mr. Tam King Ho, Howard and Mr. Choi Tak Fai.