



**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

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Third Quarterly Report 2008

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG (THE “STOCK EXCHANGE”)**

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*This report, 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, include 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: (1) the information contained in this report is accurate and complete in all 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.*

# *Highlights*

- The Group recorded a turnover of approximately HK\$13.2 million for the nine months ended 30 September 2008 (2007: approximately HK\$10.1 million).
- Profit attributable to shareholders for the nine months ended 30 September 2008 amounted to approximately HK\$2.9 million (2007: approximately HK\$2.2 million).
- Earnings per share achieved approximately HK\$0.48 cents for the nine months ended 30 September 2008. (2007: approximately HK\$0.40 cents).
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2008.

# *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 2008 together with the comparative unaudited figures for the corresponding periods in 2007, as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Turnover	2	<b>3,823</b>	5,422	<b>13,160</b>	10,135
Other revenue	4	<b>4</b>	28	<b>37</b>	184
Operating expenses		<b>(3,791)</b>	(3,199)	<b>(9,764)</b>	(7,662)
Profit before taxation		<b>36</b>	2,251	<b>3,433</b>	2,657
Income tax	5	<b>(12)</b>	(392)	<b>(571)</b>	(438)
Profit attributable to equity holders of the Company		<b>24</b>	1,859	<b>2,862</b>	2,219
Attributable to:					
Equity holders of the Company		<b>24</b>	1,859	<b>2,862</b>	2,219
Minority interests		—	—	—	—
		<b>24</b>	1,859	<b>2,862</b>	2,219
Earnings per share					
Basic earnings per share (Hong Kong cents)	6	<b>0.004</b>	0.332	<b>0.477</b>	0.396

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2008

	Attributable to equity holders of the Company			
	Share capital HK\$'000	Share premium and reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2007	10,000	—	2,425	12,425
Profit for the year	—	—	19,016	19,016
Dividend declared or approved during the year	—	—	(19,000)	(19,000)
At 31 December 2007 and at 1 January 2008	10,000	—	2,441	12,441
Profit for the period	—	—	2,862	2,862
Arising from the Reorganisation	(4,400)	4,400	—	—
Issued of new shares by placing	800	19,200	—	20,000
Transaction costs attributable to issue of shares	—	(1,812)	—	(1,812)
At 30 September 2008	6,400	21,788	5,303	33,491

## **Notes:**

### **1. BASIS OF PREPARATION**

The Group's unaudited condensed consolidated third quarterly financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the company. There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The unaudited condensed consolidated third quarterly financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group's accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated third quarterly financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2007.

These unaudited condensed consolidated third quarterly financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.

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

## 2. REVENUE

Revenue represents fee income from provision of corporate finance services as follows:

	Three months ended 30 September 2008		Nine months ended 30 September 2008	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income from provision of corporate finance services	3,823	5,422	13,160	10,135

## 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 corporate finance services in Hong Kong.

## 4. OTHER INCOME

Other income represents bank interest income earned for the period.

## 5. INCOME TAX

Hong Kong profits tax is calculated at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit arising in Hong Kong for the period.

## 6. EARNINGS PER SHARE — BASIC AND DILUTED

The calculation of basic earnings per share is based on profit attributable to equity holders of approximately HK\$2,869,000 (2007: approximately HK\$2,219,000) and the weighted average of 600,292,000 shares in issue (2007: 560,000,000 shares after adjusting for the capitalization issues in 2008) during the year.

There were no dilute potential ordinary shares during the relevant period and therefore, diluted earnings per share are not presented.

## 7. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2008 (for the nine months ended 30 September 2007: nil).

# *Management Discussion and Analysis*

## **BUSINESS REVIEW**

Vinco Financial Group Limited is pleased to report the third quarterly results for the nine months ended 30 September 2008 following its successful listing on the Stock Exchange on 20 May 2008 (the “Listing”).

While focusing on its core business in the provision of corporate finance advisory services, the Group has also been looking out for opportunities to expand its business activities with a view to enhancing its revenue base and to provide a wider range of financial services. In addition, the Group has also strived to expand its alliance network and to improve public awareness of the Group’s services in the market.

## **OUTLOOK**

The global liquidity squeezes following the spillover of US sub-prime crisis and the market meltdown in the financial industry in US and Europe had completely changed the outlook of the global financial market over the next few quarters. The Hang Seng index also fell from its all time highest of approximately 31,958 in October 2007 to approximately 18,016 as of 30 September 2008 as a result of the recent volatility in the global financial market. Given the revenue of the Group is mainly generated from mandates of non-recurring and project-by-project basis which is subject to the size of the project and the scope of services to be rendered, we expect the results of the Group for the year ended 31 December 2008 may be adversely affected by the aforementioned factors relating to the local and international financial markets but in the long run, we are still optimistic about the prospect of the financial market in Hong Kong.

Going forward in the final quarter of this fiscal year, the Group will execute/continue to execute its development plans which will cover the following aspects:

### **(1) Business development**

- (i) exploring the opportunities for the expansion in equity capital market services; and
- (ii) carrying out feasibility study on setting up business information centre in the PRC.

### **(2) Expansion of the alliance network**

- (i) seeking potential candidates to form alliances in Hong Kong and in the PRC;



- (ii) seeking co-operation with government bodies or universities in Hong Kong and the PRC;
- (iii) carrying out feasibility study on the establishment of alliance network in Singapore; and
- (iv) publishing and circulating newsletters or periodic magazines to the Group's alliance members.

### **(3) Improvement of public awareness**

- (i) organizing and/or participating in seminars/conferences in relation to corporate finance advisory and other value-added services.

## **FINANCIAL REVIEW**

Despite the profit attributable to the shareholders for the three months ended 30 September 2008 has dropped to approximately HK\$0.02 million as compared with HK\$1.9 million for the corresponding period of last year due to the slowdown of the financial market, the Group has still successfully completed over 39 projects this year. For the nine months ended 30 September 2008, the Group's turnover was approximately HK\$13.2 million, representing an increase of 30.7% from approximately HK\$10.1 million for the corresponding period of last year. The increase was mainly contributed by the increase in the number of potential IPO transactions participated by the Group.

Operating expenses for the nine months ended 30 September 2008 was approximately HK\$9.8 million, representing an increase of 27% from approximately HK\$7.7 million for the corresponding period of last year. The increase was largely attributed to the increase in rental expenses as well as the increase in general and administrative expenses as a result of the Listing. Profit attributable to the equity holders of the Company increased 32% to approximately HK\$2.9 million as compared to approximately HK\$2.2 million in the corresponding period of last year.

The Group remained in a healthy and sound liquidity position as at 30 September 2008. The total bank balances and cash of the Group amounted to approximately HK\$36.6 million. As at 30 September 2008, the Group had no material capital commitments, material contracts or significant investment plans, save as those disclosed in the listing document. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity facilities to meet operation requirements and acquisition opportunities. The Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' fund, was nil.

## **CONTINGENT LIABILITIES**

As at 30 September 2008, 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 2008, the interests and short positions of the Directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (the "SFO")) which were notified the Company the Hong Kong Stock Exchange Limited 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, were as follows:

### **Long positions in shares and underlying shares of the Company**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares beneficially held</b>	<b>Approximate percentage of shareholdings</b>
Mr. Chung Ho Yan (Note 1)	Interest of controlled corporation	326,400,000	51%

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 2008, 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (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.

## Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 30 September 2008, the persons/companies (not being a Director or chief executive of the Company) who have interests or short positions 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 are as follows:

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company

As at 30 September 2008, the following person and company had interests or short positions in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO:

#### Long positions in shares and underlying shares of the Company

Name	Nature of interest	Number of shares beneficially held	Approximate percentage of shareholdings
Vinco Asia Limited (Note 1)	Beneficial owner	326,400,000	51%
Ms. Chiu Lai Yee	Beneficial owner	153,600,000	24%

Note:

- (1) Vinco Asia Limited, an investment holding company incorporated on 8 October 2002 under the laws of the BVI with limited liability, is wholly and beneficially owned by Mr. Chung.

#### Long positions in the debentures of the Company

During the nine months ended 30 September 2008, there were no debt securities issued by the Group at any time. Save as disclosed above, as at the date of this report, the Directors and the chief executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

#### Directors' and Supervisors' Interest in a Competing Business

For the nine months ended 30 September 2008, 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 has any existing share option scheme been adopted by the Company as at the date of this report.

### **Interests of the Compliance Adviser**

As notified by Ample Capital Limited (“Ample”), the Company’s compliance adviser, neither Ample nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2008.

Pursuant to the agreement dated 13 May 2008 entered into between Ample and the Company, Ample received and will receive fees for acting as the Company’s compliance adviser.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the nine months ended 30 September 2008, 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 Code on Corporate Governance Practices as contained in Appendix 15 to the GEM Listing Rules (the “CCGP”), the Company had, during the period under review, complied with the CCGP.

<b>Coder provisions set out in the CCGP</b>	<b>Reason for deviations</b>
A.2 The Chairman and Chief Executive Officer of the Company were performed by the same individual.	<p>The Company’s size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer.</p> <p>The Group has in place internal control system to perform the check and balance function.</p>

The Company is also in the progress of accessing the effect of the implementation of CCGP on the Company's operation. Save as disclosed, the Company has met the code provisions set out in the CCGP throughout the nine months ended 30 September 2008.

### **Securities Transactions by Directors**

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standards of dealings its code of conduct regarding securities transactions by Directors.

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference on in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Yip Tai Him (chairman of the audit committee), Mr. William Wu and Mr. Lee Wing Lun.

The audit committee has reviewed the financial statements of the Group for the nine-month period ended 30 September 2008 pursuant to the relevant provisions contained in the Code on Corporate Governance Practices 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, 4 November 2008

*As at the date of this report, the executive directors of the Company are Mr. Chung Ho Yan and Mr. Miu Ka Keung and the independent non-executive Directors are Mr. Yip Tai Him, Mr. William Wu and Mr. Lee Wing Lun.*