



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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First Quarterly Report 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 (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\$1.712 million for the three months ended 31 March 2009 (2008: approximately HK\$6.244 million).
- Loss attributable to shareholders for the three months ended 31 March 2009 amounted to approximately HK\$0.396 million as compared to net profit of approximately HK\$2.470 million for the corresponding period in the previous fiscal year.
- The Directors do not recommend the payment of a dividend for the three months ended 31 March 2009.

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 2009 together with the comparative unaudited figures for the corresponding periods in 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended	
		31 March	
		2009	2008
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	2	1,712	6,244
Other revenue	4	1	12
Operating expenses		(2,109)	(3,299)
Profit/(Loss) before taxation		(396)	2,957
Income tax	5	–	(487)
Profit/(Loss) attributable to equity holders of the Company		(396)	2,470
Attributable to:			
Equity holders of the Company		(396)	2,470
		(396)	2,470
Earnings/(Loss) per share			
Basic earnings/(loss) per share (Hong Kong cents)	6	(0.06)	0.44

Notes:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated first 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 first 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 first quarterly financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2008.

These unaudited condensed consolidated first 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. TURNOVER

Turnover represents fee income from provision of financial services as follows:–

	Three months ended	
	31 March	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income from provision of financial services	1,713	6,244

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. OTHER REVENUE

Other revenue represents bank interest income earned for the period.

5. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company incurred a tax loss for the period. (2008: 16.5%).

6. EARNINGS/(LOSS) PER SHARE – BASIC AND DILUTED

The calculation of basic earnings/(loss) per share is based on loss attributable to equity holders of approximately HK\$396,000 (2008: a profit of approximately HK\$2,470,000) and the weighted average of 640,000,000 shares in issue (2008: 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/(loss) per share are not presented.

7. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2009 (for the three months ended 31 March 2008: nil).

Management Discussion and Analysis

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$1,712,000 for the three months ended 31 March 2009, representing a decrease of 72.58% when compared to the corresponding period in the last fiscal year. The decrease was mainly due to the slowdown of the financial activities in Hong Kong.

Operating expenses for the three months ended 31 March 2009 was approximately HK\$2,109,000, representing a decrease of 36.07% from approximately HK\$3,299,000 for the corresponding period of last fiscal year.

The net loss attributable to equity holders of the Company for the three months ended 31 March 2009 was approximately HK\$396,000. This decrease was mainly attributable to the poor market sentiment and less financial activities in the market as a result from the global financial tsunami.

The Group remained in a healthy and sound liquidity position as at 31 March 2009. The total bank balances and cash of the Group amounted to approximately HK\$29.7 million. The Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' fund, was nil.

BUSINESS REVIEW

During the period under review, the global economy was adversely affected by the financial tsunami due to the US sub-prime mortgage crisis. Tremendous stimulus measures were implemented by various government authorities in strengthening their banking systems. However, the global financial tsunami had led to a sharp deterioration of market conditions and slowdown in economic activities.

Despite chaotic market conditions deteriorated after the financial tsunami in late 2008, the Group continued to focus its core business in the provision of corporate finance advisory services. Moreover, 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.

OUTLOOK

The Group's financial service business will certainly be negatively affected as long as global market conditions remain adverse. Despite the rescue measures implemented by governments worldwide, we anticipate the global economy recession caused by the financial tsunami will continue throughout 2009. However, the Group is financially health and we have confidence in tackling future challenges successfully. Furthermore, the Board is always seeking opportunities to diversify the Group's revenue streams in order to enhance shareholders' value and is optimistic about prospect of the financial market in Hong Kong.

CONTINGENT LIABILITIES

As at 31 March 2009, 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 31 March 2009, 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

Name of Director	Nature of interest	Number of shares beneficially held	Approximate percentage of shareholdings
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 31 March 2009, 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 31 March 2009, 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 31 March 2009, 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 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 three months ended 31 March 2009, 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 three months ended 31 March 2009, 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 31 March 2009.

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 three months ended 31 March 2009, 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.

Coder provisions set out in the CCGP

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.
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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 three months ended 31 March 2009.

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 three-month period ended 31 March 2009 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, 30 April 2009

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.