



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 2010

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\$1.893 million for the three months ended 31 March 2010 (2009: approximately HK\$1.712 million).
- Loss attributable to shareholders for the three months ended 31 March 2010 amounted to approximately HK\$0.155 million as compared to net loss of approximately HK\$0.396 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 2010.

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 2010 together with the comparative unaudited figures for the corresponding periods in 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | Three months ended | |
|---|-------|---------------------------|--------------------|
| | | 31 March | |
| | | 2010 | 2009 |
| | Notes | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited) |
| Turnover | 2 | 1,893 | 1,712 |
| Other revenue | 4 | — | 1 |
| Operating expenses | | (2,042) | (2,109) |
| Loss before taxation | | (149) | (396) |
| Income tax | 5 | (6) | — |
| Loss attributable to equity holders of the Company | | (155) | (396) |
| Attributable to: | | | |
| Equity holders of the Company | | (155) | (396) |
| | | (155) | (396) |
| Loss per share | | | |
| Basic loss per share (Hong Kong cents) | 6 | (0.02) | (0.06) |

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 2009.

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 | |
|---|------------------------------------|-------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Income from provision of financial services | 1,893 | 1,712 |

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

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

6. LOSS PER SHARE — BASIC AND DILUTED

The calculation of basic loss per share is based on loss attributable to equity holders of approximately HK\$155,000 (2009: approximately HK\$396,000) and the weighted average of 640,000,000 shares in issue (2009: 640,000,000 shares after adjusting for the capitalisation issues in 2009) during the year.

There were no dilute potential ordinary shares during the relevant period and therefore diluted 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 2010 (for the three months ended 31 March 2009: nil).

Management Discussion and Analysis

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$1,893,000 for the three months ended 31 March 2010, representing an increase of 10.57% when compared to the corresponding period in the last fiscal year. The increase was mainly due to the improvement of the financial activities in Hong Kong.

Operating expenses for the three months ended 31 March 2010 was approximately HK\$2,042,000, representing a decrease of 3.18% from approximately HK\$2,109,000 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 2010 was approximately HK\$155,000. The Group remained in a healthy and sound liquidity position as at 31 March 2010. The Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' fund, was nil.

BUSINESS REVIEW

Following the global financial tsunami in the past two years, the global economy has started to turn positive and the overall sentiment in the stock market has also shown improved confidence. In light of the gradually improved global economy and the stock market sentiment, the management believes that the business results of the Group could be gradually improved in the upcoming financial years.

OUTLOOK

The Group will continue to focus on its core business in relation to the provision of corporate finance advisory services in Hong Kong and will also continue to seek for new opportunities in the provision of other financial services so as to diversify its businesses for more sources of revenue and at the same time strengthening our network by seeking for strategic alliances and raising public awareness of the Group's services in the market.

CONTINGENT LIABILITIES

As at 31 March 2010, 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 2010, the interests and short positions of the Directors and chief executive of the Company in the shares ("Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Hong Kong Stock Exchange Limited 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 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:

Interests in 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 2010, 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 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 have 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 31 March 2010, 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:

Interest in the Company

| Name | Nature of interest | Number of ordinary 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.

Save as disclosed above, as at 31 March 2010, 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' and Supervisors' Interest in a Competing Business

For the three months ended 31 March 2010, 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 2010.

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 2010, 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.

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 2010.

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 2010 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, 29 April 2010

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