



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



Interim Report 2011

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 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. 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 the information contained in this report is accurate and complete in all respects and not misleading and deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

Highlights

- The Group recorded a turnover of approximately HK\$4.82 million for the six months ended 30 June 2011 (2010: approximately HK\$2.95 million).
- Profit attributable to shareholders for the six months ended 30 June 2011 amounted to approximately HK\$0.31 million as compared to net loss of approximately HK\$1.26 million for the corresponding period in 2010.
- No interim dividend is recommended for the period.

Interim Results (Unaudited)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2011 together with the comparative unaudited figures for the corresponding periods in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 June		Six months ended 30 June	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Turnover	2	3,257	1,060	4,822	2,953
Other revenue	4	1	—	1	—
Operating expenses		(2,374)	(2,161)	(4,514)	(4,203)
Earnings/(Loss) before taxation		884	(1,101)	309	(1,250)
Income tax	5	—	(4)	—	(10)
Earnings/(Loss) attributable to equity holders of the Company		884	(1,105)	309	(1,260)
Attributable to: Equity holders of the Company		884	(1,105)	309	(1,260)
		884	(1,105)	309	(1,260)
Earnings/(Loss) per share Basic earnings/(loss) per share (Hong Kong cents)	6	0.14	(0.17)	0.05	(0.20)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
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Non-current assets			
Property and equipment	7	135	206
<hr style="border-top: 1px dashed black;"/>			
Current assets			
Trade and other receivables	8	224	200
Rent and utility deposits		910	548
Prepayment		348	—
Tax recoverable		8	9
Cash and cash equivalents		24,956	25,462
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		26,446	26,219
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Current liabilities			
Accrued expenses		16	169
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		16	169
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Net current assets		26,430	26,050
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NET ASSETS		26,565	26,256
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Capital and reserves			
Share capital	9	6,400	6,400
Reserve		20,165	19,856
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TOTAL EQUITY		26,565	26,256
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	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 2010	6,400	21,787	(656)	27,531
(Loss) for the year	—	—	(1,275)	(1,275)
At 31 December 2010 and at 1 January 2011	6,400	21,787	(1,931)	26,256
Profit for the period	—	—	309	309
At 30 June 2011	6,400	21,787	(1,622)	26,565

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended	
	30 June 2011 HK\$'000 (unaudited)	30 June 2010 HK\$'000 (unaudited)
Net cash (used in) operations activities	(504)	(996)
Net cash (used in) from investing activities	(2)	(3)
Net cash (used in) financing activities	—	—
Net (decrease) in cash and cash equivalents	(506)	(999)
Cash and cash equivalents at beginning of the period	25,462	26,173
Cash and cash equivalents at end of period	24,956	25,174
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	24,956	25,174

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated interim 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 current and prior accounting periods presented as a result of these developments.

The unaudited condensed consolidated interim 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 interim financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2010.

These unaudited condensed consolidated interim 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		Six months ended	
	30 June		30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income from provision of financial services	3,257	1,060	4,822	2,953

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 16.5% of the estimated assessable profit for the year.

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\$309,000 (2010: loss of approximately HK\$1,260,000) and the weighted average of 640,000,000 shares in issue (2010: 640,000,000 shares after adjusting for the capitalization issues in 2010) during the year.

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

7. PROPERTY AND EQUIPMENT

	Furnitures & Fixtures	Office Equipments	Leasehold Improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net book value				
at 1 January 2010	93	33	210	336
Additions	—	19	—	19
Depreciation	(22)	(12)	(115)	(149)
Net book value				
at 1 January 2011	71	40	95	206
Additions	3	—	—	3
Depreciation	(11)	(6)	(57)	(74)
Net book value				
at 30 June 2011	63	34	38	135

8. TRADE AND OTHER RECEIVABLES

The Group's receivables are due within a credit period of 30 days to 45 days from the date of billing. Receivables with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. The Group does not obtain collateral from customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
Trade receivables	224	200

The aging analysis of the trade receivables at the balance sheet dates are as follows:

	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
0–30 days	224	200

9. SHARE CAPITAL

	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
Authorised:		
200,000,000,000 ordinary shares of HK\$0.01 each	2,000,000	2,000,000
Issued and fully paid:		
640,000,000 ordinary shares of HK\$0.01 each	6,400	6,400

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

The Group continued to focus on its principal business in relation to the provisional of corporate finance advisory services in Hong Kong. Our half yearly results to 30 June 2011 reflect the continued gradual improvement in overall world economic conditions. During the period under review, the Group recorded net profit after tax attributable to the shareholders of approximately HK\$0.31 million, representing an improvement in financial performance from a net loss of approximately HK\$1.26 million during the same period in the preceding year. The increase in net profit attributable to the shareholders was mainly due to the increase in turnover resulting from steady recovery of the world economy and the Hong Kong stock market in the second half of 2010.

OUTLOOK

Looking forward to the second half of the financial year, recovery of global economy is expected to continue but with many uncertainties. As for the future, the Group will continue to focus on its core business in relation to the provision of corporate finance advisory services in Hong Kong. The management will also continue to look for business opportunities in other financial services sectors so as to generate greater value for the shareholders.

FINANCIAL REVIEW

The Group's financial performance improved in current period, turnover of the Group for the six months ended 30 June 2011 was approximately HK\$4.82 million (2010: approximately HK\$2.95 million), representing an increase of approximately 63.39% as compared with the corresponding period in 2010.

The Group's total operating expenses for the six months ended 30 June 2011 was approximately HK\$4.51 million, representing an increase of approximately 7.38% from approximately HK\$4.20 million for the corresponding period in 2010.

For the six months ended 30 June 2011, profit attributable to shareholders was approximately HK\$0.31 million (2010: loss of approximately HK\$1.26 million).

The Group has adopted a prudent financial management strategy and maintained a health liquidity position as at 30 June 2011. The Group has no borrowing and the gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was nil as at 30 June 2011 (2010: Nil).

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. As at 30 June 2011, the total number of the ordinary shares of the Group was 640,000,000 shares.

CHARGES ON ASSETS

As at 30 June 2011, the Group did not have any charges on its assets.

INFORMATION ON EMPLOYEES

As at 30 June 2011, the Group had a workforce of 14 employees. The total staff costs, including the directors' emoluments, amounted to approximately HK\$2.50 million for the half year under review. The Group's remuneration policies are determined by reference to market terms as well as the performance, qualification and experience of individual employee.

CONTINGENT LIABILITIES

As at 30 June 2011, 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 June 2011, the interests or short positions of the Directors and the chief executive of the Company in the shares ("Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were 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 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 in 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	Percentage of the Company's issued share capital
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 June 2011, 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 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 June 2011, 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 held	Percentage of the Company issued share capital
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 under the laws of the BVI with limited liability, is wholly and beneficially owned by Mr. Chung.

Save as disclosed above, as at 30 June 2011, 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 six months ended 30 June 2011, 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 any existing share option scheme has been adopted by the Company as at the date of this report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2011, 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
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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.
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The Group has in place internal control system to perform the check and balance function.

The Company is also in the progress of assessing 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 six months ended 30 June 2011.

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 in compliance with 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 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 six-month period ended 30 June 2011 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, 5 August 2011

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.