



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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Interim Report 2013

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\$7.54 million for the six months ended 30 June 2013 (2012: approximately HK\$9.76 million).
- Profit attributable to shareholders for the six months ended 30 June 2013 amounted to approximately HK\$1.03 million as compared to profit of approximately HK\$1.91 million for the corresponding period in 2012.
- 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 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|---|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 2013 HK\$'000 (unaudited) | 2012 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) | 2012 HK\$'000 (unaudited) |
| Turnover | 2 | 4,655 | 4,594 | 7,537 | 9,756 |
| Other revenue | 4 | — | — | — | — |
| Operating expenses | | (3,802) | (3,960) | (6,512) | (7,850) |
| Earnings before taxation | | 853 | 634 | 1,025 | 1,906 |
| Income tax | 5 | — | — | — | — |
| Earnings attributable to equity holders of the Company | | 853 | 634 | 1,025 | 1,906 |
| Attributable to: Equity holders of the Company | | 853 | 634 | 1,025 | 1,906 |
| | | 853 | 634 | 1,025 | 1,906 |
| Earnings per share Basic earnings per share (Hong Kong cents) | 6 | 0.13 | 0.10 | 0.16 | 0.30 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | 30 June 2013 HK\$'000 (unaudited) | 31 December 2012 HK\$'000 (audited) |
|---|---|--|--|
| Non-current assets | | | |
| Property and equipment | 7 | 91 | 80 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Current assets | | | |
| Trade and other receivables | 8 | 385 | 1,400 |
| Rent and utility deposits | | 1,323 | 919 |
| Cash and cash equivalents | | 25,494 | 24,194 |
| <hr style="border-top: 1px solid black;"/> | | | |
| | | 27,202 | 26,513 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Current liabilities | | | |
| Accrued expenses | | 106 | 261 |
| Income received in advance | | — | 170 |
| <hr style="border-top: 1px solid black;"/> | | | |
| | | 106 | 431 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Net current assets | | 27,096 | 26,082 |
| <hr style="border-top: 1px solid black;"/> | | | |
| NET ASSETS | | 27,187 | 26,162 |
| <hr style="border-top: 1px solid black;"/> | | | |
| Capital and reserves | | | |
| Share capital | 9 | 6,400 | 6,400 |
| Reserve | | 20,787 | 19,762 |
| <hr style="border-top: 1px solid black;"/> | | | |
| TOTAL EQUITY | | 27,187 | 26,162 |
| <hr style="border-top: 1px solid black;"/> | | | |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

| | 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 2012 | 6,400 | 21,787 | (3,199) | 24,988 |
| Profit for the year | — | — | 1,174 | 1,174 |
| At 31 December 2012 and at 1 January 2013 | 6,400 | 21,787 | (2,025) | 26,162 |
| Profit for the period | — | — | 1,025 | 1,025 |
| At 30 June 2013 | 6,400 | 21,787 | (1,000) | 27,187 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | For the Six months ended | |
|---|--|--|
| | 30 June 2013 HK\$'000 (unaudited) | 30 June 2012 HK\$'000 (unaudited) |
| Net cash generated from/(used in) operations activities | 1,327 | 2,448 |
| Net cash (used in) investing activities | (27) | (15) |
| Net cash (used in) financing activities | — | — |
| Net increase/(decrease) in cash and cash equivalents | 1,300 | 2,433 |
| Cash and cash equivalents at beginning of the period | 24,194 | 23,611 |
| Cash and cash equivalents at end of period | 25,494 | 26,044 |
| Analysis of the balance of cash and cash equivalents | | |
| Bank balances and cash | 25,494 | 26,044 |

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. The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. 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 2012.

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 30 June | | Six months ended 30 June | |
|--|-------------------------------|-------------|-----------------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Income from provision of financial services | 4,655 | 4,594 | 7,537 | 9,756 |

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 Hong Kong profits tax has been provided for in the consolidated financial statements as the Group has accumulated tax losses brought forward which exceeds the estimated assessable profits or 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\$1,025,000 (2012: profit of approximately HK\$1,906,000) and the weighted average of 640,000,000 shares in issue (2012: 640,000,000 shares in issue) 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 2012 | 52 | 44 | — | 96 |
| Additions | 15 | 7 | — | 22 |
| Depreciation | (22) | (16) | — | (38) |
| Net book value at 1 January 2013 | 45 | 35 | — | 80 |
| Additions | — | 27 | — | 27 |
| Depreciation | (8) | (8) | — | (16) |
| Net book value at 30 June 2013 | 37 | 54 | — | 91 |

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 2013 HK\$'000 (unaudited) | 31 December 2012 HK\$'000 (audited) |
|------------------|--|--|
| Trade receivable | 385 | 1,400 |

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

| | 30 June 2013 HK\$'000 (unaudited) | 31 December 2012 HK\$'000 (audited) |
|------------|--|--|
| 0–30 days | 340 | 1,400 |
| 30–90 days | 45 | — |
| | 385 | 1,400 |

9. SHARE CAPITAL

| | 30 June 2013 HK\$'000 (unaudited) | 31 December 2012 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 2013 (for the six months ended 30 June 2012: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, the Group is continuously engaged in provisional of corporate finance advisory services in Hong Kong. Although the business operations of the Group continued to experience severe competitions from competitors, the Group has managed to complete over ten corporate finance related projects in the first half of the year.

OUTLOOK

To maintain our competitiveness in the market, the Group will continue to focus on the general corporate finance advisory services as well as initial public offerings related projects in Hong Kong. The Group will also continue to seek for business opportunities in other financial related services so as to generate greater value for the shareholders. As one of the active one-stop corporate finance advisory firms in Hong Kong, the management of the Group is of the opinion that the Group's business is on the right track and would improve steadily in near future.

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$7.54 million for the six months ended 30 June 2013. The profit attributable to equity holders of the Company for the six months ended 31 June 2013 was approximately HK\$1.03 million. The Group remained in a healthy and sound liquidity position as at 30 June 2013. The Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' fund, was nil.

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. As at 30 June 2013, the total number of the ordinary shares of the Group was 640,000,000 shares.

CHARGES ON ASSETS

As at 30 June 2013, the Group did not have any charges on its assets.

INFORMATION ON EMPLOYEES

As at 30 June 2013, the Group had a workforce of 15 employees. The total staff costs, including the directors' emoluments, amounted to approximately HK\$2.83 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 2013, 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 2013, 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) | Beneficial owner/ through controlled corporation | 346,400,000 | 54.13% |

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 2013, 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 2013, so far as is known to the Directors, the following persons 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's issued share capital |
|--------------------------------|--|--------------------------------|--|
| Mr. Chung Ho Yan (Note 1) | Beneficial owner/ through controlled corporation | 346,400,000 | 54.13% |
| Vinco Asia Limited (Note 1) | Beneficial owner | 326,400,000 | 51% |
| Ms. Chiu Lai Yee | Beneficial owner | 96,000,000 | 15% |

Note:

- (1) 20,000,000 shares of the Company were held by Mr. Chung and 326,400,000 shares of the Company were held by 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 2013, 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 or conflict of interest

For the six months ended 30 June 2013, 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 2013, 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 six months ended 30 June 2013.

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, during the period under review, complied with the CG Code and Report.

| Code provisions set out in the CG Code and Report | 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. |
| 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. They are however, 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 Company is also in the progress of assessing the effect of the implementation of CG Code and Report on the Company’s operation. Save as disclosed, the Company has met the code provisions set out in the CG Code and Report throughout the six months ended 30 June 2013.

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 one executive Director, namely Mr. Chung Ho Yan and two independent non-executive Directors, namely Mr. Lee Wing Lun (chairman of the remuneration committee) and Mr. William Wu.

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 remuneration committee comprises one executive Director, namely Mr. Chung Ho Yan (chairman of the nomination committee) and two independent non-executive Directors, namely Mr. William Wu and Mr. Lee Wing Lun.

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 2013 pursuant to the relevant provisions contained in the CG Code and Report 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, 7 August 2013

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