



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 2014

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

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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\$8.00 million for the nine months ended 30 September 2014 (2013: approximately HK\$11.09 million).
- Loss attributable to shareholders for the nine months ended 30 September 2014 amounted to approximately HK\$3.21 million (2013: profit of approximately HK\$1.61 million).
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2014.

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 2014 together with the comparative unaudited figures for the corresponding periods in 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Turnover	2	1,604	3,554	7,999	11,092
Other revenue	4	—	1	—	1
Operating expenses		(3,120)	(2,975)	(11,209)	(9,487)
Earnings/(Loss) before taxation		(1,516)	580	(3,210)	1,606
Income tax	5	—	—	—	—
Earnings/(Loss) attributable to equity holders of the Company		(1,516)	580	(3,210)	1,606
Attributable to: Equity holders of the Company		(1,516)	580	(3,210)	1,606
		(1,516)	580	(3,210)	1,606
Earnings/(Loss) per share					
Basic earnings per share (Hong Kong cents)	6	(0.24)	0.09	(0.50)	0.25

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	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 2013	6,400	21,787	(2,025)	26,162
Profit for the year	—	—	774	774
At 31 December 2013 and at 1 January 2014	6,400	21,787	(1,251)	26,936
(Loss) for the period	—	—	(3,210)	(3,210)
At 30 September 2014	6,400	21,787	(4,461)	23,726

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated 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 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 financial statements were consistent with those applied for the financial statements of the Group for the year ended 31 December 2013.

These unaudited condensed consolidated 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 September		Nine months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income from provision of financial services	1,604	3,554	7,999	11,092

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. LOSS PER SHARE — BASIC AND DILUTED

The calculation of basic loss per share is based on loss attributable to equity holders of approximately HK\$3,210,000 (2013: profit of approximately HK\$1,606,000) and the weighted average of 640,000,000 shares in issue (2013: 640,000,000 shares) 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 2014 (for the nine months ended 30 September 2013: nil).

Management Discussion and Analysis

BUSINESS REVIEW

For the nine months ended 30 September 2014, the Group continued to focus on its principal business in relation to the provision 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 about seventeen corporate finance related projects for the nine months ended 30 September 2014.

OUTLOOK

Looking ahead, the market condition for the rest of 2014 remains uncertain and challenge, worries over the Occupy Central campaign may have impacts on Hong Kong's financial activities and international standing. In the short run, there may be temporarily impacts to the market sentiment but the Group remains positive about the capital market in Hong Kong in the long run. 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 could improve in the near future.

FINANCIAL REVIEW

Turnover of the Group for the nine months ended 30 September 2014 was approximately HK\$8.00 million (2013: approximately HK\$11.09 million), representing a decrease of approximately 27.86% as compared with the corresponding period in 2013.

The Group's total operating expenses for the nine months ended 30 September 2014 was approximately HK\$11.21 million, representing an increase of 18.12% from approximately HK\$9.49 million for the corresponding period of last fiscal year.

For the nine months ended 30 September 2014, loss attributable to shareholders was approximately HK\$3.21 million and profit attributable to the equity holders of the Company as of 30 September 2013 was approximately HK\$1.61 million.

The Group has adopted a prudent financial management strategy and maintained a health liquidity position. The Group has no borrowing and the gearing ratio of the Group was nil as at 30 September 2014 (2013: nil).

CONTINGENT LIABILITIES

As at 30 September 2014, 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

As at 30 September 2014, the interests or short positions of the Directors and chief executive of the Company in the share ("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 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 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	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 September 2014, 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 September 2014, 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 shares 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%
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 September 2014, 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 nine months ended 30 September 2014, 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 during the period.

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

During the nine months ended 30 September 2014, 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 nine months ended 30 September 2014.

CORPORATE GOVERNANCE

Save and except the following deviations 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.

Coder 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, however they are 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 accessing 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 nine months ended 30 September 2014.

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 of 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. Tam King Ho, Howard.

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

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 of three independent non-executive Directors, namely Mr. Yip Tai Him (chairman of the audit committee), Mr. Lee Wing Lun and Mr. Tam King Ho, Howard.

The audit committee has reviewed the financial statements of the Group for the nine months period ended 30 September 2014 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, 30 October 2014

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. Lee Wing Lun and Mr. Tam King Ho, Howard.