

**VINCO FINANCIAL GROUP LTD:
LITTLE FISHES ARE OFTEN SWEET, BUT NOT THIS ONE**

There used to be a very popular expression in Russia, in days gone by, that went along the lines that little fishes are sweet.

It is difficult to believe that this idiom holds true, in all cases, and, in the case of Vinco Financial Group Ltd () (Code: 8340, The Growth Enterprise Market [The GEM], The Stock Exchange of Hongkong Ltd), it is almost unbelievable that it could hold true.

Vinco Financial went public on The GEM on May 14, 2008, when it Placed 80 million, one-cent New Shares at 25 cents per Share.

At the same time, 2 shareholders of the Company, namely, Mr Chung Ho Yan (), the Chairman, and Ms Chiu Lai Yee (), who does not appear to have a position of authority in the Company, took the opportunity to unload, between them, 80 million Shares.

Mr Chung Ho Yan offloaded 37.60 million of his Shares in the Company and Ms Chiu Lai Yee sold 42.40 million of her Shares in the Company.

The Company netted about \$HK17.50 million from the Placement of the 80 million New Shares.

The Prospectus states that the money from the Initial Public Offering (IPO) will be utilised as follows:

‘The net proceeds from the placing of the New Shares based on the Placing Price, after deducting related expenses, are estimated to be approximately HK\$17.5 million. The Directors presently intend that the net proceeds will be applied as follows:

	Latest Practicable Date to 30 June 2008 HK\$ million	For the six months ending 31 December 2008 HK\$ million	For the six months ending 30 June 2009 HK\$ million	For the six months ending 31 December 2009 HK\$ million	For the six months ending 30 June 2010 HK\$ million	For the six months ending 31 December 2010 HK\$ million	Total HK\$ million
<i>For further development of the Group’s operation and to provide a wider range of financial advisory services</i>	0.05	0.35	11.55	0.1	0.1	0.1	12.25
— Setting up of overseas representative offices and business information centres	—	—	0.2	0.2	0.2	0.2	0.8
— Recruit additional staff	0.15	0.3	0.15	0.05	0.05	0.05	0.75
<i>For the expansion of the alliance network</i>	0.2	0.2	0.2	0.2	0.2	0.2	1.2
<i>For the improvement of customers’ awareness of the Group and the services offered by the Group</i>	0.2	0.2	0.2	0.2	0.2	0.2	1.2
	0.6	1.05	12.3	0.75	0.75	0.75	16.2

The business of Vinco Financial is explained at Pages 82 and 83 of the Prospectus as follows:

‘The Group is principally engaged in the provision of corporate finance advisory services to companies in Hong Kong with a focus on the listed and non-listed companies such as SMEs¹ with significant growth potential. The Company is not currently engaged in, nor has any plan or requisite licence(s) to engage in the provision of advisory services in the PRC. The Group is seeking to position itself as one of the active local corporate finance advisory service providers in Hong Kong.

‘Corporate finance

‘The SFC granted type 6 (advising on corporate finance) and type 1 (dealing in securities) regulated activity licences to Vinco Capital on 7 May 2003 (subsequently amended on 27 April 2007) and 30 July 2003 respectively. The licences of Vinco Capital (Grand Vinco Capital Ltd []) are subject to the following conditions: for type 1 regulated activity, Vinco Capital shall be only engaged in corporate finance related activities and shall not hold client assets; and for type 6 regulated activity, Vinco Capital shall not act as a sponsor in respect of an application for the listing on a recognized stock market of any securities, unless it acts together with another licensed corporation/registered institution licensed or registered under the SFO for type 6 regulated activity which is not subject to: (a) this condition, or (b) any condition to the effect that it is not allowed to act as sponsor or undertake sponsor work. Accordingly, Vinco Capital cannot act in the capacity of a sole sponsor. During Active Business Pursuit Period, Vinco Capital did not complete any IPO projects. Since April 2007, Vinco Capital has been approved by the SFC to be a sole adviser to advise clients on matters/transactions falling within the ambit of the Takeovers Code. Up to the Latest Practicable Date, the Group has not conducted any such project in its own capacity after receiving the approval from SFC. The Group provides a broad range of corporate finance advisory services for Hong Kong listed companies. The services offered by Vinco Capital include:

- (i) advising the Group’s clients on various Notifiable Transactions and proposed IPOs pursuant to the requirements of the Listing Rules and the GEM Listing Rules as well as the requirements in relation to transactions under the Takeovers Code;*
- (ii) advising the Group’s clients in connection with Pre-IPO reorganisations and proposed IPOs;*
- (iii) advising the Group’s clients on equity and debt financing arrangements;*
- (iv) conducting due diligence exercise including examination and review of relevant documents in connection with Notifiable Transactions, transactions under the Takeovers Code and proposed IPOs;*
- (v) providing other corporate finance advisory services such as acting as an independent financial adviser to provide independent advices pursuant to the Listing Rules, the GEM Listing Rules and the Takeovers Code;*
- (vi) acting as placing agent for the Group’s clients on placing of shares of such clients; and*
- (vii) acting as lead manager and/or underwriter for the Group’s clients in connection with proposed IPOs and/or equity fund raising activities, such as open offer.*

1. SMEs = Small and Medium-Sized Enterprises

Simple enough!

The History

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