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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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.

SUMMARY

- Turnover of the Group for the year ended 31 December 2008 amounted to approximately HK$14.1 million (2007: approximately HK$32.7 million), representing a decrease of approximately 56.88% as compared with the year ended 31 December 2007.
- Profit attributable to equity holders of the Company for the year ended 31 December 2008 amounted to approximately HK$781,000 (2007: approximately HK$19.0 million), representing a drop of approximately 95.9% as compared with the year ended 31 December 2007.
- Earnings per share for the year ended 31 December 2008 amounted to approximately HK 0.13 cents (2007: approximately HK 3.4 cents).
- The Directors recommended the payment of final dividend of HK 0.078 cents per share for the year ended 31 December 2008 (2007: NIL).

CONSOLIDATED RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2008 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Turnover	*4*	**14,104**	32,681
Other revenue	*5*	**43**	297
Operating expenses		**(13,236)**	(9,985)
Profit from operations and before taxation	*6*	**911**	22,993
Income tax	*7*	**(130)**	(3,977)
Profit attributable to equity shareholders of the Company		**781**	19,016
Dividends payable to equity shareholders of the Company attributable this year:	*8*		
Interim dividend declared during the year		**-**	19,000
Final dividend proposed after the balance sheet date		**500**	-
		500	19,000
Earnings per share	*9*		
- Basic and diluted		**0.13 cents**	3.40 cents

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	**2008 HK$'000**	2007 HK$'000
Non-current assets			
Plant and equipment		**478**	483
Current assets			
Trade and other receivables	*10*	**714**	642
Tax recoverable		**325**	-
Cash and cash equivalents		**30,221**	29,149
		31,260	29,791
Current liabilities			
Accrued expenses		**197**	70
Dividend payable		**-**	14,000
Tax payable		**132**	3,763
		329	17,833
Net current assets		**30,931**	11,958
NET ASSETS		**31,409**	12,441
Capital and reserves			
Share capital		**6,400**	10,000
Reserve		**25,009**	2,441
TOTAL EQUITY		**31,409**	12,441

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

		Attributable to equity shareholders of the Company				
	Note	**Share capital** HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**Retained profits** HK$'000	**Total equity** HK$'000
Balance at 1 January 2007		10,000	-	-	2,425	12,425
Changes in equity for 2007:						
Profit for the year		-	-	-	19,016	19,016
Dividend declared in respect of current year	*8*	-	-	-	(19,000)	(19,000)
Balance at 31 December 2007 and 1 January 2008		10,000	-	-	2,441	12,441
Changes in equity for 2008:						
Profit for the year		-	-	-	781	781
Arising from the Reorganisation		(9,900)	-	9,900	-	-
Capitalisation issue		5,500	(5,500)	-	-	-
Issuance of shares under the placing and public offer		800	19,200	-	-	20,000
Share issuance expenses		-	(1,813)	-	-	(1,813)
Balance at 31 December 2008		**6,400**	**11,887**	**9,900**	**3,222**	**31,409**

NOTES

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

(a) The Company and the reorganization

The Company was incorporated in the Cayman Islands on 2 January 2008 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation (the "Reorganisation") of the Group which was completed on 5 May 2008 to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. The Company's shares were listed on the GEM of the Stock Exchange on 20 May 2008.

(b) Basis of presentation

The Group is regarded as a continuing entity resulting from the Reorganisation since all of the entities which took part in the Reorganisation were controlled by the same group of ultimate equity holders before and after the Reorganisation and, consequently, there was a continuation of the risks and benefits to the controlling equity holders. The consolidated financial statements have been prepared on the basis of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants as if the Group had always been in existence.

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For business combinations involving entities under common control, merger accounting is adopted. In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative period disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

The net assets of the combining companies are consolidated using the existing book values from the controlling equity holders' perspective.

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION *(Continued)*

(b) ***Basis of presentation*** *(Continued)*

The results of the Group for the two years ended 31 December 2008 included results of the Company and its subsidiaries commencing 1 January 2007 or since their respective dates of incorporation, whichever is the shorter period as if the current group structure had been in existence throughout the two years presented. The consolidated balance sheet as at 31 December 2007 is a combination of the balance sheets of the companies now comprising the Group at 31 December 2007. All material intra-group transactions and balances have been eliminated on consolidation. In the opinion of the Company's directors, the consolidated financial statements prepared on this basis present fairly the results of operations and state of affairs of the Group as a whole.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries. The measurement basis used in the preparation of the financial statements is the historical cost basis. The preparation of the financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the applicable of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- HK(IFRIC) 11, HKFRS 2 – Group and treasury share transactions
- HK(IFRIC) 12, Service concession arrangements

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

- HK(IFRIC) 14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
- Amendment to HKAS 39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures – Reclassification of financial assets

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates in a single business segment, i.e. the provision of financial services in Hong Kong. Accordingly, no segment analysis is presented.

4. TURNOVER

The principal activity of the Group is the provision of financial services in Hong Kong. Turnover represents revenue from the provision of financial services for years ended 31 December 2008 and 2007.

5. OTHER REVENUE

	2008	2007
	HK$'000	HK$'000
Total interest income on financial assets not at fair value through profit or loss:		
Bank interest income	**43**	297

6.PROFIT FROM OPERATIONS AND BEFORE TAXATION

Profit from operations and before taxation is arrived at after charging:

	2008	2007
	HK$'000	HK$'000
a) Staff costs:		
Contributions to defined contribution retirement plan	**99**	80
Salaries and other benefits	**7,214**	5,012
	7,313	5,092

	2008	2007
	HK$'000	HK$'000
b) Other items:		
Auditors' remuneration – audit services		
Depreciation	**190**	70
Operating lease charges in respect of	**47**	56
premises	**2,134**	1,079

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2008	2007
	HK$'000	HK$000
Current tax - Hong Kong Profits Tax		
Provision for the year	**155**	3,977
Over-provision in respect of prior years	**(25)**	-
	130	3,977

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 December 2008. This decrease is taken into account in the preparation of the Group's and the Company's 2008 financial statements. Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year.

8. DIVIDENDS

Dividends payable to the equity shareholders of the Company attributable to the year:

	2008 **HK$'000**	2007 HK$000
Dividend declared during the year (note)	**-**	19,000
Final dividend of HK 0.078 cents (2007: HK$ Nil) proposed after the balance sheet date	**500**	-
	500	19,000

Note: Pursuant to the resolution passed at the board of directors' meeting of Grand Vinco Capital Limited ("Vinco Capital"), a wholly-owned subsidiary of the Company, on 31 December 2007, dividend of HK$19,000,000 was declared to the then respective shareholders of Vinco Capital for the year ended 31 December 2007. An amount of HK$5,000,000 in respect of such dividend was paid during the year ended 31 December 2007, and the remaining balance of HK$14,000,000 was settled on 22 January 2008.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date and is subject to shareholders' approval in the forthcoming general meeting.

9. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$781,000 (2007: HK$19,016,000) and the weighted average of 590,601,092 (2007: 560,000,000) ordinary shares in issue during the year, calculated as follows:

	2008 **No. of shares**	2007 No. of shares
Weighted average number of shares at 1 January	**560,000,000**	-
Issuance of shares upon the formation of the Company	**-**	100
Issuance of shares upon the Reorganisation	**-**	9,999,900
Capitalisation issue	**-**	550,000,000
Effect of issuance of shares for placing and public offering	**30,601,092**	-
Weighted average number of shares at 31 December	**590,601,092**	560,000,000

9. EARNINGS PER SHARE *(Continued)*

a) Basic earnings per share (Continued)

The weighted average number of shares in issue during the year ended 31 December 2007 represents the 560,000,000 shares in issue before the listing of the Company's shares on the Stock Exchange on 20 May 2008, as if such shares had been outstanding during the above entire year.

b) Diluted earnings per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2008 and 2007, and diluted earnings per share is the same as basic earnings per share.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	2008 **HK$'000**	2007 HK$'000
Current	**72**	-

Trade debtors are due within 60 days from the date of billing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economy experienced severe downturn during the year ended 31 December 2008 sequenced by the sub-prime mortgage crack, collapse of major financial institutions, precipitous fall on the global stock market and global liquidity squeeze. During the year under review, the total market capitalization of securities listed on the Stock Exchange dropped to approximately HK$10,298.8 billion as at 31 December 2008 (2007: approximately HK$20,697.5 billion), representing a decrease of approximately 50.24%. The Hang Seng index also fell to 14,387 level (2007: 27,813), representing a decrease of approximately 48.27%.

Amidst the poor market environment, the Group has strived to upkeep its performance by focusing on its core business of provision of corporate finance advisory services in Hong Kong.

On the corporate development side, the Group is exploring new business opportunities for enhancing its revenue base and to provide a wider range of financial services. With a view to strengthening our client network, the Group will also explore opportunities to expand its alliance network and to improve public awareness of the Group's services in the market.

FINANCIAL REVIEW

Results of the Group

The turnover of the Group was approximately HK$14.1 million during the year (2007: approximately HK$32.7 million), representing a drop of approximately 56.88%. The drop in turnover was mainly attributable to the poor market environment resulting from the global financial meltdown. The net profit attributable to shareholders of the Company for the year ended 31 December 2008 was approximately HK$781,000 (2007: approximately HK$19.0 million), representing a drop of approximately 95.89%.

As at 31 December 2008, the Group had total assets of approximately HK$31.7 million (2007: approximately HK$30.3 million). The net assets value of the Group was approximately HK$31.4 million as at 31 December 2008 (2007: approximately HK$12.4 million), representing approximately 4.9 cents per share.

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$30.2 million as at 31 December 2008. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity facilities to meet operation requirements and acquisition opportunities. The Group's gearing ratio, defined as the Group's total borrowings divided by shareholders' fund, was nil as at 31 December 2008 (2007: nil).

Capital structure

The capital of the Group comprises only ordinary shares. As at 31 December 2008, the total number of the ordinary shares of the Group in issue was 640,000,000 shares.

Charge on Group's assets

As at 31 December 2008, the Group did not have any charge on its assets (2007: nil).

Hedging

Since all of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk had been implemented during the year under review.

Information on employees

As at 31 December 2008, the Group had a workforce of 13 employees (2007: 15). The total staff costs, including the Directors' emoluments, amounted to approximately HK$7.3 million for the year under review (2007: approximately HK$5.1 million).

The Group's remuneration policies were determined by reference to market terms as well as the performance, qualification and experience of each individual employee.

Contingent liabilities

As at 31 December 2008, the Group did not have any significant contingent liabilities (2007: nil).

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2008 and has never been engaged in any investment of structured securities and/or products.

Future plans for material investments or capital assets

Save as disclosed in the Company's prospectus dated 14 May 2008 (the "Prospectus"), the Group had no other future plans for material investments or capital assets as at 31 December 2008.

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the period from 1 July 2008 to 31 December 2008 is set out below:

	Business objectives for the period from 1 July 2008 to 31 December 2008 as stated in the Prospectus	Actual business progress up to 31 December 2008
1.	Business development	The Group has continued to explore the possibility in establishing the equity capital department or acquiring existing brokerage firm for the expansion in equity capital market services and plan has been rolled out as planned. The Group has continued to explore the possibility to set up the infrastructure and system for the equity capital market division and plan has been rolled out in as planned. The Group has commenced the feasibility study on setting up a business information centre in Shanghai or Shenzhen, the PRC. The Group has launched the on-going value-added financial program in order to develop a wider range of services. 2 new executives have been recruited.
2.	Expansion of the alliance network	An alliance has been formed in Hong Kong. The Group has started to commence the feasibility study on the establishment of alliance network in Singapore. On-going training has been provided to the Group's alliance members. Co-operation in relation to personnel recruitment and training have been sought with government bodies and universities. The Group has published and circulated newsletters to the Group's alliance members from time to time. Promotional campaigns have been kicked off in order to promote/expand the Group's alliance network.
3.	Improvement of public awareness	During the period under review, the Group and its staff have participated in various seminars and conferences. To further strengthen the Group's status and image, newsletters have been sent to selected customers and financial institutions.

Use of proceeds

During the period from 31 July 2008 to 31 December 2008, the net proceeds of the issue of new shares had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from 31 July 2008 to 31 December 2008 (HK$'000)	**Actual use of proceeds from 31 July 2008 to 31 December 2008** (HK$'000)
Business development	650	642
Expansion of the alliance network	200	198
Improvement of public awareness	200	195

Note:

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The proceeds were applied in accordance with the actual development of the market and the remaining proceeds as at 31 December 2008 had been placed as interest bearing deposits in banks in Hong Kong.

OUTLOOK

Looking ahead, the turbulent global financial market is likely to continue affecting the general business environment of the Group. However, the Group will continue to strengthen the revenue source through leveraging on its expertise in corporate finance advisory services and its alliance/client networks.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 December 2008, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules (the "CG Code"), except for the deviations from code provisions A.2.1 and A.4.1 as explained in the Corporate Governance Report which will be included in the annual report to be published by the Company in due course.

AUDIT COMMITTEE

The Company's audit committee was formed on 22 April 2008 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's internal control procedures and annual report, financial statements, half-yearly reports and quarterly reports and to advise and make recommendations to the Board. The audit committee currently comprises three independent non-executive Directors, namely, Mr. Yip Tai Him, Mr. Lee Wing Lun and Mr. William Wu. During the year, the Audit Committee held three meetings. The annual results of the Group for the year ended 31 December 2008 have been reviewed by the Audit Committee.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 21 April 2009 to 22 April 2009, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 April 2009.

By order of the Board
Vinco Financial Group Limited
Chung Ho Yan
Chairman

Hong Kong, 18 March 2009

As at the date hereof, the executive Directors 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.