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 2009

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.

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This announcement, for which the directors (the "Directors") of Vinco Financial Group Limited (the "Company") and its subsidiaries (together, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SUMMARY

- Turnover of the Group for the year ended 31 December 2009 amounted to approximately HK$6.9 million (2008: approximately HK$14.1 million), representing a decrease of approximately 51.06% as compared with the year ended 31 December 2008.

- Net loss attributable to equity shareholders of the Company for the year ended 31 December 2009 amounted to approximately HK$3.4 million (2008: net profit of approximately HK$781,000).

- The Directors do not recommend any final dividend for the year ended 31 December 2009 (2008: HK 0.078 cents per share).

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 2009 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Turnover	*4*	**6,869**	14,104
Other revenue	*5*	**3**	43
Operating expenses		**(10,242)**	(13,236)
(Loss)/profit from operations and before taxation	*6*	**(3,370)**	911
Income tax	*7*	**(9)**	(130)
(Loss)/profit for the year and attributable to equity shareholders of the Company		**(3,379)**	781
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/income for the year and attributable to equity shareholders of the Company		**(3,379)**	781
(Loss)/earnings per share	*9*		
- Basic and diluted		**(0.53) cents**	0.13 cents

CONSOLIDATED BALANCE SHEET
As at 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Plant and equipment		**336**	**478**
Current assets			
Trade and other receivables	*10*	**953**	**714**
Tax recoverable		**441**	**325**
Cash and cash equivalents		**26,173**	**30,221**
		27,567	**31,260**
Current liabilities			
Accrued expenses		**165**	**197**
Income received in advance		**67**	**-**
Tax payable		**140**	**132**
		372	**329**
Net current assets		**27,195**	**30,931**
NET ASSETS		**27,531**	**31,409**
Capital and reserves			
Share capital		**6,400**	**6,400**
Reserve		**21,131**	**25,009**
TOTAL EQUITY		**27,531**	**31,409**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

		Attributable to equity shareholders of the Company				
	Note	**Share capital** HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**(Accumulated lossed)/ retained profits** HK$'000	**Total equity** HK$'000
Balance at 1 January 2008		10,000	-	-	2,441	12,441
Changes in equity for 2008:						
Total comprehensive income 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		800	19,200	-	-	20,000
Share issuance expenses		-	(1,813)	-	-	(1,813)
Balance at 31 December 2008 and 1 January 2009		6,400	11,887	9,900	3,222	31,409
Changes in equity for 2009:						
Dividend approved in respect of the previous year		-	-	-	(499)	(499)
Total comprehensive loss for the year		-	-	-	(3,379)	(3,379)
Balance at 31 December 2009		**6,400**	**11,887**	**9,900**	**(656)**	**27,531**

NOTES

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

(a) The Company and the reorganization

Vinco Financial Group Limited (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 Company and its subsidiaries (collectively referred to as 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 Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (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 shareholders before and after the Reorganisation and, consequently, there was a continuation of the risks and benefits to the controlling equity shareholders. 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 shareholders' perspective.

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

(b) Basis of presentation *(Continued)*

The results of the Group for the year ended 31 December 2008 included results of the Company and its subsidiaries commencing 1 January 2008 or since their respective dates of incorporation, whichever is the shorter period as if the current group structure had been in existence throughout the year presented. 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.

2. BASIS OF PREPARATION

These 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 2009 comprise the Company and its subsidiaries. The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company. 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.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1(revised), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial Instruments: Disclosure — improving disclosures about financial instruments*

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements — cost of an investment in a subsidiary, jointly controlled entity or associate*

The improvements to HKFRSs (2008) have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management.

  The Group operated in a single business segment, which was the provision of financial services in Hong Kong, and accordingly, no segmental analysis is presented.

- As a result of the adoption of HKAS 1(revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised statement of changes in equity. All other items of income and expense are presented in the statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

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 2009 and 2008.

5. OTHER REVENUE

	2009	2008
	HK$'000	HK$'000
Total interest income on financial assets not at fair value through profit or loss:		
Bank interest income	**3**	43

6. (LOSS)/PROFIT FROM OPERATIONS AND BEFORE TAXATION

(Loss)/profit from operations and before taxation is arrived at after charging:

	2009	2008
	HK$'000	HK$'000
a) *Staff costs:*		
Contributions to defined contribution retirement plan	**82**	99
Salaries and other benefits	**5,399**	7,214
	5,481	7,313

	2009	2008
	HK$'000	HK$'000
b) *Other items:*		
Auditors' remuneration – audit services	**150**	190
Depreciation	**149**	47
Operating lease charges in respect of premises	**2,063**	2,134

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Taxation in the consolidated statement of comprehensive income represents:

	2009 **HK$'000**	2008 HK$000
Current tax - Hong Kong Profits Tax		
Provision for the year	**9**	155
Over-provision in respect of prior years	**-**	(25)
	9	130

The provision for Hong Kong Profits Tax for the year ended 31 December 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year.

8. DIVIDENDS

(i) Dividends payable to the equity shareholders of the Company attributable to the year:

	2009 **HK$'000**	**2008** **HK$'000**
Final dividend of HK Nil cent (2008: HK 0.078 cents)proposed after the balance sheet date	-	500

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2009 **HK$'000**	**2008** **HK$'000**
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0.078 cents per share (2008: Nil)	**499**	-

9. EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK$3,379,000 (2008: profit of approximately HK$781,000) and the weighted average of 640,000,000 (2008: 590,601,092) ordinary shares in issue during the year, calculated as follows:

	2009 **No. of shares**	2008 No. of shares
Weighted average number of shares at 1 January	**640,000,000**	560,000,000
Effect of issuance of shares for placing	**-**	30,601,092
Weighted average number of shares at 31 December	**640,000,000**	590,601,092

The weighted average number of shares as at 1 January 2008 represented 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 as at 1 January 2008.

b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2009 and 2008, and diluted (loss)/earnings per share is the same as basic (loss)/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:

	2009 **HK$'000**	2008 HK$'000
Current	**405**	72

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the global financial tsunami in 2008, the global financial markets and economic activities experienced a drastic downturn. However, with different economic stimulation polices implemented by various governments to tackle the global financial tsunami during the year, the global economic conditions have improved and showed signs of stabilization and improvement since the second quarter of 2009. The general sentiment in the stock market has shown improved confidence, in particular, major stock markets in the world have rebounded significantly since the second quarter of 2009. In light of the gradually improved global economy and the stock market sentiment, the management believes that the business results of the Group could be gradually improved.

FINANCIAL REVIEW

Results of the Group

The turnover of the Group was approximately HK$6.9 million during the year (2008: approximately HK$14.1million), representing a drop of approximately 51.06%. The drop in turnover was mainly attributable to the slowdown in our advisory activities as some of our clients are still recovering from the global financial tsunami. The net loss attributable to shareholders of the Group for the year ended 31 December 2009 was approximately HK$3.4 million (2008: profit of approximately HK$781,000).

As at 31 December 2009, the Group had total assets of approximately HK$27.9 million (2008: approximately HK$31.7 million). The net assets value of the Group was approximately HK$27.5 million as at 31 December 2009 (2008: approximately HK$31.4 million).

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$26.2million as at 31 December 2009. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity 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 2009 (2008: nil).

Capital structure

The capital of the Group comprises only ordinary shares. As at 31 December 2009, 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 2009, the Group did not have any charge on its assets (2008: 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 2009, the Group had a workforce of 12 employees (2008: 13).The total staff costs, including the directors' emoluments, amounted to HK$5.5 million for the year under review (2008: approximately HK$7.3 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 2009, the Group did not have any significant contingent liabilities (2008: nil).

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2009 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 future plans for material investments or capital assets as at 31 December 2009.

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 2009 to 31 December 2009 is set out below:

	Business objectives for the period from 1 July 2009 to 31 December 2009 as stated in the Prospectus	**Actual business progress up to 31 December 2009**
1.	Business development	The Group has set up the equity capital market division with an aim to diversify the Group's operation. The Group has continued to provide the on-going value-added financial services to its clients in order to develop a wider range of services. New executives have been recruited.
2.	Expansion of the alliance network	One new alliance has been formed in Hong Kong.

		The Group has participated in promotional campaigns to expand the Group's alliance network in the PRC, Hong Kong, Singapore and London. The Group has commenced on the establishing the alliance network in Singapore. On-going training/assistance 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 circulated its newsletters to the Group's alliance members from time to time.
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 clients and financial institutions.

Use of proceeds

During the period from 1 July 2009 to 31 December 2009, the net proceeds of the issue of new shares had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from 1 July 2009 to 31 December 2009 (HK$'000)	**Actual use of proceeds from 1 July 2009 to 31 December 2009** (HK$'000)
Business development	350	357
Expansion of the alliance network	200	177
Improvement of public awareness	200	182

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 2009 had been placed as interest bearing deposits in banks in Hong Kong.

OUTLOOK

Looking ahead, with the implementation of economic stimulation policies by various governments, the global economy and financial markets seemed to stabilize and showed signs of gradual recovery during the second half of the year 2009. Market volatility is expected to continue affecting the general business environment of the Group. However, leveraging on the extensive experience and expertise of the management and the Group's alliance/client networks, the management believes that the Group will be able to strengthen the revenue source from its corporate finance advisory services in Hong Kong and also explore new potential business opportunities in the provision of other financial services.

In view to remain competitive in the market, the Group would continue its cost control initiatives and risk management measures. The Group would also explore new opportunities with an aim to increase the returns to the shareholders. On behalf of the board of directors, I would like to express my deepest gratitude to our shareholders. I would also like to thank my fellow board members and colleagues for their dedication and contribution in the past year.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 December 2009, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code"), except for the deviations to Code Provisions A.2.1and 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-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee currently comprises three Independent Non-executive Directors, Mr. Yip Tai Him, Mr. Lee Wing Lun and Mr. William Wu. The annual results of the Group for the year ended 31 December 2009 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 31 March 2010 to 1 April 2010, 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 Tuesday, 30 March 2010.

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

Hong Kong, 5 March 2010

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.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the date of its posting and on the website of the Company at http://www.vinco.com.hk.