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 2010

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.

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 2010 amounted to approximately HK$8.86 million (2009: approximately HK$6.87 million), representing an increase of approximately 28.97% as compared with the year ended 31 December 2009.

- Net loss attributable to equity shareholders of the Company for the year ended 31 December 2010 amounted to approximately HK$1.3 million (2009: net loss of approximately HK$3.4 million).

- The Directors do not recommend any final dividend for the year ended 31 December 2010 (2009: 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 2010 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** **HK$'000**	2009 HK$'000
Turnover	3	8,856	6,869
Other revenue	4	-	3
Operating expenses		(10,131)	(10,242)
Loss from operations and before taxation	5	(1,275)	(3,370)
Income tax	6	-	(9)
Loss for the year and attributable to equity shareholders of the Company		(1,275)	(3,379)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year and attributable to equity shareholders of the Company		(1,275)	(3,379)
Loss per share	7		
- Basic and diluted		(0.20) cents	(0.53) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	**2010** **HK$'000**	2009 HK$'000
Non-current assets			
Plant and equipment		206	336
Current assets			
Trade and other receivables	8	748	953
Tax recoverable		9	441
Cash and cash equivalents		25,462	26,173
		26,219	27,567
Current liabilities			
Accrued expenses		169	165
Income received in advance		-	67
Tax payable		-	140
		169	372
Net current assets		26,050	27,195
NET ASSETS		26,256	27,531
Capital and reserves			
Share capital		6,400	6,400
Reserves		19,856	21,131
TOTAL EQUITY		26,256	27,531

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to equity shareholders of the Company				
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total equity HK$'000
Balance at 1 January 2009	6,400	11,887	9,900	3,222	31,409
Changes in equity for 2009:					
Loss for the year	-	-	-	(3,379)	(3,379)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,379)	(3,379)
Dividends approved in respect of the previous year	-	-	-	(499)	(499)
Balance at 31 December 2009 and 1 January 2010	6,400	11,887	9,900	(656)	27,531
Changes in equity for 2010:					
Loss for the year	-	-	-	(1,275)	(1,275)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,275)	(1,275)
Balance at 31 December 2010	**6,400**	**11,887**	**9,900**	**(1,931)**	**26,256**

NOTES

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group"). 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 judgements, estimates and assumptions that affect the application 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 judgements 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 two revised HKFRSs, a number of amendments to HKFRSs and two 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 3 (revised 2008), *"Business Combinations"*

- Amendments to HKAS 27, *"Consolidated and Separate Financial Statements"*

- Improvements to HKFRSs (2009)

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

The improvements to HKFRSs (2009) have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  - Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

- If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

• As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

- If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

- If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

3. 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 2010 and 2009.

For the year ended 31 December 2010, revenues of approximately HK$1,141,000 (2009: HK$90,000) and HK$1,000,000 (2009: HK$Nil) were derived from two single external customers respectively, each of them contributed over 10% of the total revenue of the Group.

For the year ended 31 December 2009, revenue of approximately HK$690,000 was derived from a single external customer, which contributed over 10% of total revenue of the Group. No revenue was derived from this single external customer for the year ended 31 December 2010.

4. OTHER REVENUE

Total interest income on financial assets not at fair value through profit or loss is as follows:

	2010	2009
	HK$'000	HK$'000
Bank interest income	-	3

5. LOSS FROM OPERATIONS AND BEFORE TAXATION

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

	2010	2009
	HK$'000	HK$'000
a) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan	83	82
Salaries and other benefits	5,698	5,399
	5,781	5,481

	2010	2009
	HK$'000	HK$'000
b) Other items:		
Auditors' remuneration		
- audit services	150	150
Depreciation	149	149
Operating lease charges in respect of office premises	1,708	2,063

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Taxation charged to profit or loss:

	2010	2009
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	-	9

i) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the year ended 31 December 2010 has been made in the consolidated financial statements as the Group has no estimated assessable profits for the year.

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

ii) Income tax outside Hong Kong

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to income tax in the Cayman Islands.

7. LOSS PER SHARE

a) Basic loss per share

The calculation of basis loss per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK$1,275,000 (2009: HK$3,379,000) and the weighted average of 640,000,000 (2009: 640,000,000) ordinary shares in issue during the year.

b) Diluted loss per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2010 and 2009, and diluted loss per share is the same as basic loss per share.

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period.

	The Group	
	2010	2009
	HK$'000	HK$'000
Current	200	405

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the midst of global financial system meltdown in 2009, the Group has performed productively and the turnover for the year 2010 has surged up by 28.97% to HK$8.86 million. The Group continued to focus on strengthening corporate finance advisory services with an aim to become more competitive and more profitable. During the earlier part of financial year 2010, there have been signs of recovery in the United States although the global economic environment remains challenging due to the debt crisis in some of the European countries in particular Greece and Spain. PRC, on the other hand, continues to proactively implement its macro-economic measures to keep track of its pace of growth. It became apparent in the second half of the financial year that the world economy had started to show some signs of recovery with financial transactions becoming more stable. We successfully maintained good and stable working relationships with some of the listed companies in Hong Kong. During the year, the Group continued to implement its strategic development plan and achieved steady growth across all business lines. In view of the above improvement in global economy, the management believes that the business results of the Group could be further improved in the upcoming years.

FINANCIAL REVIEW

Results of the Group

The turnover of the Group was approximately HK$8.86 million during the year (2009: approximately HK$6.87 million), representing an increase of approximately 28.97%. The increase in turnover was mainly attributable to improving of market sentiment and our advisory activities has increased due to some of our clients have resumed their pending or postponed transactions. The net loss attributable to shareholders of the Group for the year ended 31 December 2010 was approximately HK$1.3 million (2009: loss of approximately HK$3.4 million).

As at 31 December 2010, the Group had total assets of approximately HK$26.4 million (2009: approximately HK$27.9 million).The net assets value of the Group was approximately HK$26.3 million as at 31 December 2010 (2009: approximately HK$27.5 million).

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$25.5 million as at 31 December 2010. 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 2010 (2009: nil).

Capital structure

The capital of the Group comprises only ordinary shares. As at 31 December 2010, 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 2010, the Group did not have any charge on its assets (2009: 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 2010, the Group had a workforce of 14 employees (2009: 12). The total staff costs, including the directors' emoluments, amounted to HK$5.8 million for the year under review (2009: approximately HK$5.5 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 2010, the Group did not have any significant contingent liabilities (2009: nil).

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2010 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 2010.

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 2010 to 31 December 2010 is set out below:

	Business objectives for the period from 1 July 2010 to 31 December 2010 as stated in the Prospectus	**Actual business progress up to 31 December 2010**
1.	Business development	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	The Group has participated in promotional campaigns to expand the Group's alliance network. Co-operation in relation to personnel recruitments and trainings have been sought with government bodies and universities.
3.	Improvement of public awareness	During the period under review, the Group and its staff have participated in various seminars and conferences.

Use of proceeds

During the period from 1 July 2010 to 31 December 2010, the net proceeds for issue of new shares had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from 1 July 2010 to 31 December 2010 (HK$'000)	**Actual use of proceeds from 1 July 2010 to 31 December 2010 (HK$'000)**
Business development	350	336
Expansion of the alliance network	200	202
Improvement of public awareness	200	216

Notes:
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 2010 had been placed as interest bearing deposits in banks in Hong Kong.

OUTLOOK

Despite general improvement in global economy as a result of the implementation of Quantitative Easing and economic stimulation policies, the operation environments of the Group continue to be challenging, the Group will maintain its prudent approach to business management. Through close liaison with existing customers and strategic alliances and continuous improvements in our operation, the Group will seek to continue to bring optimum return to all shareholders. Supported by PRC's favourable policies and positive investment atmosphere, it led to growing demand of financial services. Riding on the increasing commercial opportunities from the PRC, the Group will continue to strengthen its China business to benefit from China's growing economy. With respect to Hong Kong, given low interest rates and strong liquidity in the money market, it is anticipated that the fund raising activities will continue the momentum. The Group will look for opportunities to participate in fund raising activities, leveraging on the Group's strong connections and extensive market experiences.

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. The Group is also dedicated to exploring new business by venturing into new financial services to maximize the returns to the shareholders and enhance the efficiency and effectiveness of the Group's capital as a whole.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 December 2010, 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.2.1 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-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 2010 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 24 March 2011 to 25 March 2011, 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 Wednesday, 23 March 2011.

By order of the Board
Vinco Financial Group Limited

Chung Ho Yan
Chairman

Hong Kong, 28 February 2011

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.