VINCO 域高

VINCO FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8340

ANNUAL REPORT 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.

This report, for which the directors of Vinco Financial Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to Vinco Financial Group Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors
Mr. Chung Ho Yan *(Chairman)*
Mr. Miu Ka Keung, Kevin

Independent Non-executive Directors
Mr. Yip Tai Him
Mr. William Wu
Mr. Lee Wing Lun

QUALIFIED ACCOUNTANT
Mr. Tang Wai Shun, Leon, HKICPA, CPA

COMPANY SECRETARY
Mr. Tang Wai Shun, Leon, HKICPA, CPA

AUTHORISED REPRESENTATIVES
Mr. Chung Ho Yan
Mr. Miu Ka Keung, Kevin

AUDIT COMMITTEE
Mr. Yip Tai Him *(Chairman)*
Mr. Lee Wing Lun
Mr. William Wu

NOMINATION COMMITTEE
Mr. Chung Ho Yan *(Chairman)*
Mr. William Wu
Mr. Lee Wing Lun

REMUNERATION COMMITTEE
Mr. Lee Wing Lun *(Chairman)*
Mr. William Wu
Mr. Chung Ho Yan

COMPLIANCE OFFICER
Mr. Miu Ka Keung, Kevin

AUDITORS
CCIF CPA Limited
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PRINCIPAL BANKER
The Hong Kong and Shanghai Banking Corporation Limited

COMPLIANCE ADVISER
Ample Capital Limited
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STOCK CODE
8340

Chairman's Statement

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$14.1 million), 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$26.2 million 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.

Chairman's Statement

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.

The details of retirement benefit schemes of the Group are set out in note 10 to the financial statements.

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.

Chairman's Statement

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.

CHAIRMAN'S STATEMENT

Use of proceeds

During the period from 1 July 2009 to 31 December 2009, 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 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 bank 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.

Chung Ho Yan
Chairman

Hong Kong, 5 March 2010

Biographical Details Of Directors And Senior Management

EXECUTIVE DIRECTORS

Mr. Chung Ho Yan, aged 37, is the founder, an executive Director and chairman of the Group. He is responsible for formulating corporate strategy, business development as well as overseeing the operations of the Group. Mr. Chung holds a bachelor's degree in commerce and a master's degree in business administration. Mr. Chung entered the financial industry in mid-1990s and has become a responsible officer as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") since 2003.

Mr. Miu Ka Keung, Kevin, aged 43, is an executive Director. Mr. Miu joined the Group in January 2003 and is mainly responsible for overseeing compliance matters and corporate development of the Group. Mr. Miu possesses a bachelor's degree in accounting and a master's degree in business administration. Mr. Miu entered the financial industry in early 1990s and has become a responsible officer as defined under SFO since 2003. Before joining the Group, Mr. Miu worked for various banks and financial institutions and has gained extensive experience and knowledge in corporate finance, equity capital market, private equity and debt financing. He is currently a non-executive director of LED International Holdings Limited (since October 2006) and PAQ International Holdings Limited (since February 2008), both are listed on the Alternative Investment Market of the London Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. William Wu, aged 57, holds a bachelor's degree in business and a master's degree in business administration. He has over 20 years of experience in internal audit. He is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Australian Society of Certified Practising Accountants. Mr. Wu joined The Hong Kong Polytechnic University in November 1994 and is currently the Head of Internal Audit Unit of The Hong Kong Polytechnic University. Mr. Wu joined the Group in May 2008.

Mr. Yip Tai Him, aged 39, has over 15 years of experience in auditing, accounting and corporate finance. He is a member of the Institute of Chartered Accountants in England and Wales and Hong Kong Institute of Certified Public Accountants. Mr. Yip is currently an independent non-executive director of Wing Lee Holdings Limited (stock code: 876) (since February 2001) listed on the Main Board; an independent non-executive director of China Cyber Port (International) Company Limited (stock code: 8206) (since October 2002) listed on the GEM; an independent non-executive director of Golife Concepts Holdings Limited (stock code: 8172) listed on the GEM (since December 2008); an independent non-executive director of GCL-Poly Energy Holdings Limited (stock code: 3800) (since March 2009) listed on the Main Board and an independent non-executive director of iOne Holdings Limited (stock code: 982) (since April 2009) listed on the Main Board. Mr. Yip joined the Group in May 2008.

Mr. Lee Wing Lun, aged 50, holds a bachelor's degree in commerce. He is a member of the Hong Kong Institute of Certified Public Accountants, the Australian Society of Certified Practising Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He has over 15 years of working experience in auditing and accounting. Mr. Lee joined the Group in May 2008.

Biographical Details Of Directors And Senior Management

SENIOR MANAGEMENT

Mr. Tang Wai Shun, Leon, aged 38, is the qualified accountant and company secretary of the Company. He holds a bachelor's degree in commerce. He has over 12 years of experience in auditing and accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and the Australian Society of Certified Practising Accountants. Mr. Tang joined the Group in December 2007.

Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of Vinco Financial Group Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activity of the Group are the provision of corporate finance advisory services and other financial services in Hong Kong. There was no significant change in its activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2009 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 24 to 28.

The directors do not recommend the payment of any dividend for the year ended 31 December 2009 (for the year ended 31 December 2008: a final dividend of 0.078 cents per share).

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.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 14 to the financial statements.

PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Directors' Report

SHARE CAPITAL AND SHARE OPTIONS

Details of changes in the Company's share capital and share options during the year, together with the reasons thereof, are set out in note 18 to the financial statements respectively. The Group has no outstanding share options issued as at 31 December 2009.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors of the Company, as at the latest practicable date prior to the issue of this report, there is sufficient public float in the issued share capital of the Company pursuant to the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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.

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for year ended 31 December 2009 is set out on page 56 of the annual report.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 18 to the financial statements and in the consolidated statement of changes in equity on page 27 respectively.

DISTRIBUTABLE RESERVES

At 31 December 2009, the Company's reserves available for distribution to shareholders comprising share premium account less accumulated losses, amounted to approximately HK$11.7 million.

DIRECTORS' REPORT

MAJOR CUSTOMERS

In the year under review, the Group's five largest customers accounted for approximately 37.12% of the Group's turnover and the largest customer included therein accounted for approximately 10.05% of the Group's turnover.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors:

Mr. Chung Ho Yan *(Chairman)*
Mr. Miu Ka Keung, Kevin

Independent non-executive directors:

Mr. William Wu
Mr. Yip Tai Him
Mr. Lee Wing Lun

The terms of office of each director are subject to retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 8 to 9 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 December 2009, the interests or short positions of the Directors and the chief executives of the Company in the shares ("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 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 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 in 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:

Interest in the Company

Name of director	Nature of interest	Number of shares directly and beneficially owned	Percentage of the Company's issued share capital
Mr. Chung Ho Yan *(Note 1)*	Interest of controlled corporation	326,400,000	51%

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.

During the year ended 31 December 2009, there were no debt securities issued by the Group at any time.

Save as disclosed herein, as at 31 December 2009, 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.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

For the year ended 31 December 2009, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company 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:

Interest in the Company

Name	Nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Vinco Asia Limited *(Note 1)*	Beneficial interest	326,400,000	51%
Chiu Lai Yee	Beneficial interest	153,600,000	24%

Note:

1. 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.

During the year ended 31 December 2009, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2009, 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' REPORT

GROUP'S EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are approved by the board of directors, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme (the "Scheme") as an incentive to directors and eligible employees, details of the scheme are set out as below:

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted. The Scheme became effective on 20 May 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

No share option was granted, exercised, expired or lapsed under scheme under the year.

RELATED PARTY TRANSACTIONS

Details of the discloseable connected transactions of the Group are set out in note 21 to the financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Ample Capital Limited ("Ample"), the Company's compliance adviser, neither Ample nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2009. Pursuant to the agreement dated 13 May 2008 entered into between Ample and the Company, Ample had received and will receive fees for acting as the Company's compliance adviser.

Directors' Report

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 17 to 21 of the annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2009, the directors are not aware of any business or interest of the directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

AUDITOR

The financial statements for the year ended 31 December 2009 have been audited by CCIF CPA Limited, the auditors of the Company. A resolution for the re-appointment of CCIF CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board
Chung Ho Yan
Chairman

CORPORATE GOVERNANCE REPORT

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.2.1 and A.4.1 as explained in this report.

The board of Directors (the "Board") has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A.2.1 of the CG Code states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Chung Ho Yan is the Chairman and the Chief Executive Officer of the Company. As the Company's size is still relatively small and thus is not justified in separating the role of chairman and chief executive officer of the Company. The Group has in place internal control system to perform the check and balance function.

NON-EXECUTIVE DIRECTORS

The code provision A.4.1 of the CG Code states that Non-executive Directors should be appointed for specific terms, subject to re-election.

The Company has deviated from this provision in that all Independent Non-executive Directors are not appointed for specific terms. They are, however, 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.

BOARD OF DIRECTORS

The Company is governed by the Board, which has the responsibility for leadership and control of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's affairs and activities with a view to develop its business and to enhance shareholders value.

The Board currently comprises two executive Directors and three independent non-executive Directors. The composition of the Board and biographies of the Directors are set out on pages 8 to 9 of this report. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Corporate Governance Report

The Board met 4 times during the year ended 31 December 2009. Its composition and the attendance of individual directors at these board meetings were as follows:

Name	Number of attendance	
Executive Directors		
Chung Ho Yan	4/4	100%
Miu Ka Keung, Kevin	4/4	100%
Independent Non-executive Directors		
William Wu	4/4	100%
Yip Tai Him	4/4	100%
Lee Wing Lun	4/4	100%

In compliance with Rules 5.01 and 5.02 of the GEM Listing Rules, the Company has three independent non-executive Directors (the "INED(s)") who, together with the executive Directors, are responsible for formulating the Group's development strategies. They ensure that the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure that the Company maintains appropriate system to protect the interests of the Company and its shareholders. The Board has received an annual confirmation of independence from each of the INEDs. The Group considered the INEDs to be independent in accordance with each and every guideline set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

The Board has established three committees: Nomination Committee, Remuneration Committee and Audit Committee. All of the committees have terms of reference which accord with the principles set out in the CG Code. More details of these committees are set out in separate sections in this report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "Code").

The Company has made specific enquiry of all Directors of the Company, and the Directors have confirmed compliance with the Code during the year ended 31 December 2009.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code. No incident of non-compliance was noted by the Company for the year ended 31 December 2009.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 22 April 2008 with written terms of reference. The Nomination Committee has 3 members, comprising Mr. Chung Ho Yan (executive Director), Mr. William Wu (Independent Non-executive Director) and Mr. Lee Wing Lun (Independent Non-executive Director). The Committee is chaired by Mr. Chung Ho Yan.

Corporate Governance Report

The terms of reference of the Nomination Committee have been determined with reference to the CG Code.

The Nomination Committee is responsible for identifying potential new directors and recommends to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment. Under the Articles, all directors are subject to retirement by rotation and re-election by shareholders every 3 years.

Potential new directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 22 April 2008 with written terms of reference. The Remuneration Committee has 3 members, comprising Mr. Lee Wing Lun (INED and chairman of the Remuneration Committee), Mr. William Wu (INED) and Mr. Chung Ho Yan (executive Director). The remuneration committee is responsible for formulating and making recommendations to the Board the remunerations policy, determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board of the remuneration of non-executive Directors.

The Remuneration Committee met once during the year ended 31 December 2009 and all the members attended the meeting.

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 Audit Committee members have reviewed this Annual Report and have provided advice and comments thereon.

Corporate Governance Report

The Audit Committee held 4 meetings for the year ended 31 December 2009. Its composition and attendance of individual members at these Audit Committee meetings are as follows:

Members of the Audit Committee	**Number of attendance**	
Mr. Yip Tai Him	4/4	100%
Mr. Lee Wing Lun	4/4	100%
Mr. William Wu	4/4	100%

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts of the Company. The Directors have prepared the financial statements on the assumption that the Group will continue as a going concern by taking into consideration that the holding company has agreed to provide adequate financial support to the Group to enable it to meet all its financial obligations as they fall due. The Directors are not aware of any other material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the external auditor about their financial reporting are set out in the Independent Auditor's Report on pages 22 to 23 of this report.

AUDITOR'S REMUNERATION

During the year, remuneration payable to auditors for audit services of the Group were approximately HK$150,000.

INTERNAL CONTROL

The Board is responsible for the maintenance of a sound and effective internal control system of the Group and has established the Group's internal control policies and procedures for monitoring the internal control system. The internal control system of the Group is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure maintenance of proper books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The management and various departments conduct periodic self-assessment of the effectiveness of the internal control policies and procedures. Besides, the Board reviews at least annually the overall effectiveness of the Group's internal control system.

The Board is of the view that the Group's internal control system is effective to achieve the Group's internal control objectives and will continue to assess the effectiveness of internal controls by considering reviews performed by the Audit Committee, executive management and auditor.

Corporate Governance Report

SHAREHOLDERS RELATIONS

The Group is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries. The Company also updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company has provided an effective communication platform to the public and the shareholders.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

INDEPENDENT AUDITOR'S REPORT

CCIF
CCIF CPA LIMITED
34/F The Lee Garden
33 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VINCO FINANCIAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vinco Financial Group Limited (the "Company") set out on pages 24 to 55, which comprise the consolidated and Company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation

Independent Auditor's Report

of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 5 March 2010

Yau Hok Hung
Practising Certificate Number P04911

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(a)*	**(9)**	(130)
(Loss)/profit for the year and attributable to equity shareholders of the Company	*11*	**(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	*12*		
— Basic and diluted		**(0.53) cents**	0.13 cents

The notes on pages 29 to 55 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 18(b).

Consolidated Balance Sheet

As at 31 December 2009

	Note	**2009 HK$'000**	2008 HK$'000
Non-current assets			
Plant and equipment	*13*	**336**	478
Current assets			
Trade and other receivables	*15*	**953**	714
Tax recoverable	*17(a)*	**441**	325
Cash and cash equivalents	*16*	**26,173**	30,221
		27,567	31,260
Current liabilities			
Accrued expenses		**165**	197
Income received in advance		**67**	—
Tax payable	*17(a)*	**140**	132
		372	329
Net current assets		**27,195**	30,931
NET ASSETS		**27,531**	31,409
Capital and reserves	*18*		
Share capital		**6,400**	6,400
Reserves		**21,131**	25,009
TOTAL EQUITY		**27,531**	31,409

Approved and authorised for issue by the board of directors on 5 March 2010.

Mr. Chung Ho Yan
Director

Mr. Miu Ka Keung, Kevin
Director

The notes on pages 29 to 55 form part of these financial statement.

Balance Sheet

As at 31 December 2009

	Note	**2009 HK$'000**	2008 HK$'000
Non-current assets			
Investments in subsidiaries	*14*	**100**	100
Current assets			
Due from subsidiaries	*14*	**11,642**	600
Cash and cash equivalents	*16*	**6,325**	18,123
		17,967	18,723
TOTAL ASSETS AND NET ASSETS		**18,067**	18,823
Capital and reserves	*18(a)*		
Share capital		**6,400**	6,400
Reserves		**11,667**	12,423
TOTAL EQUITY		**18,067**	18,823

Approved and authorised for issue by the board of directors on 5 March 2010.

Mr. Chung Ho Yan
Director

Mr. Miu Ka Keung, Kevin
Director

The notes on pages 29 to 55 form part of these financial statements.

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$'000	**(Accumulated losses)/ retained profits** HK$'000	**Total equity** HK$'000
Balance at 1 January 2008	*18(c)(v)*	10,000	—	—	2,441	12,441
Changes in equity for 2008:						
Total comprehensive income for the year		—	—	—	781	781
Arising from the Reorganisation	*18(c)(ii)*	(9,900)	—	9,900	—	—
Capitalisation issue	*18(c)(iii)*	5,500	(5,500)	—	—	—
Issuance of shares under the placing	*18(c)(iv)*	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:						
Dividends 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**

The notes on pages 29 to 55 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	**2009 HK$'000**	2008 HK$'000
Operating activities			
(Loss)/profit before taxation		**(3,370)**	911
Adjustments for:			
Depreciation		**149**	47
Interest income		**(3)**	(43)
Operating (loss)/profit before changes in working capital		**(3,224)**	915
Increase in trade and other receivables		**(239)**	(72)
(Decrease)/increase in accrued expenses		**(32)**	127
Increase in income received in advance		**67**	—
Cash generated from operations		**(3,428)**	970
Tax paid			
Hong Kong profits tax paid		**(117)**	(4,086)
Net cash used in operating activities		**(3,545)**	(3,116)
Investing activities			
Payment for purchase of plant and equipment		**(7)**	(42)
Interest received		**3**	43
Net cash (used in)/generated from investing activities		**(4)**	1
Financing activities			
Proceeds from issuance of shares under placing	*18(c)(iv)*	**—**	20,000
Payment of share issuance expenses		**—**	(1,813)
Dividends paid to equity shareholders of the Company		**(499)**	(14,000)
Net cash (used in)/generated from financing activities		**(499)**	4,187
Net (decrease)/increase in cash and cash equivalents		**(4,048)**	1,072
Cash and cash equivalents at 1 January		**30,221**	29,149
Cash and cash equivalents at 31 December	*16*	**26,173**	30,221

The notes on pages 29 to 55 form part of these financial statements.

Notes To The Financial Statements

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

(a) *The Company and the reorganisation*

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.

NOTES TO THE FINANCIAL STATEMENTS

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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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. A summary of the significant accounting policies adopted by the Group is set out below.

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 3 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements

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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimates uncertainty are discussed in note 23.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, investments in subsidiaries are stated at cost less any impairment losses (see note 2(f)), unless the investments are classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Plant and equipment

Plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses (see note 2(f)).

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture and fixtures	10 years
Office equipment	5 years
Leasehold improvements	Over the estimated lease term

Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(f)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Impairment of assets

(i) Impairment of trade and other receivables

Receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— plant and equipment; and

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(h) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(i) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Income tax *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such deduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liabilities simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Income from provision of financial services

Income from provision of financial services is recognised at the time when the services are rendered by reference to the stage of completion.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(l) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(n) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various line of business and geographical locations.

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

Notes To The Financial Statements

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*
- 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.

Notes To The Financial Statements

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.

Turnover of approximately HK$690,000 (2008: HK$Nil), HK$Nil (2008: HK$4,000,000), HK$300,000 (2008: HK$1,750,000) are derived from single external customers, which exceed 10% of the Group's turnover.

5. OTHER REVENUE

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

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) 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.

(b) Reconciliation between tax expense and accounting (loss)/profit at the applicable tax rate:

	2009 HK$'000	2008 HK$'000
(Loss)/profit before taxation	**(3,370)**	911
Notional tax on (loss)/profit before taxation, calculated at a rate of 16.5% (2008: 16.5%)	**(556)**	150
Tax effect on non-deductible expenses	**68**	12
Tax effect on non-taxable income	—	(7)
Tax effect on unused tax losses not recognised	**501**	11
Over-provision in prior year	—	(25)
Others	**(4)**	(11)
Actual tax expense	**9**	130

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

Year ended 31 December 2009

	Directors' fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Retirement scheme contributions HK$'000**	**Total HK$'000**
Executive Directors				
Mr. Chung Ho Yan	**—**	**1,589**	**12**	**1,601**
Mr. Miu Ka Keung, Kevin	**—**	**621**	**6**	**627**
Independent Non-executive Directors				
Mr. Yip Tai Him	**36**	**—**	**—**	**36**
Mr. William Wu	**36**	**—**	**—**	**36**
Mr. Lee Wing Lun	**36**	**—**	**—**	**36**
	108	**2,210**	**18**	**2,336**

Year ended 31 December 2008

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Chung Ho Yan	—	2,592	12	2,604
Mr. Miu Ka Keung, Kevin	—	687	9	696
Independent Non-executive Directors				
Mr. Yip Tai Him	22	—	—	22
Mr. William Wu	22	—	—	22
Mr. Lee Wing Lun	22	—	—	22
	66	3,279	21	3,366

During the years ended 31 December 2009 and 2008, no emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Company or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2009 and 2008.

NOTES TO THE FINANCIAL STATEMENTS

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2008: two) of them are directors whose emoluments are disclosed in note 8 above. The aggregate of the emoluments in respect of other three (2008: three) individuals are as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other emoluments	**2,337**	2,641
Retirement scheme contributions	**33**	32
	2,370	2,673

The emoluments of the three (2008: three) individuals with the highest emoluments are within the following bands:

	2009 Number of individuals	2008 Number of individuals
HK$Nil–HK$1,000,000	**2**	2
HK$1,000,001–HK$1,500,000	**—**	1
HK$1,500,001–HK$2,000,000	**1**	—

There was no amount paid during the years ended 31 December 2009 and 2008 to the five highest paid employees as inducement to join on upon joining the Group or as compensation for loss of office.

10. EMPLOYEE RETIREMENT BENEFIT

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

11. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of approximately HK$257,000 (2008: profit of approximately HK$536,000) which has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

12. 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 *(note 18 (c)(iv))*	**—**	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.

13. PLANT AND EQUIPMENT

The Group

	Furniture and fixtures HK$'000	**Office equipment** HK$'000	**Leasehold improvements** HK$'000	**Total** HK$'000
Cost				
At 1 January 2008	214	108	389	711
Additions	—	42	—	42
At 31 December 2008	214	150	389	753
At 1 January 2009	214	150	389	753
Additions	7	—	—	7
At 31 December 2009	221	150	389	760
Accumulated depreciation				
At 1 January 2008	85	95	48	228
Charge for the year	21	10	16	47
At 31 December 2008	106	105	64	275
At 1 January 2009	106	105	64	275
Charge for the year	22	12	115	149
At 31 December 2009	128	117	179	424
Net book value				
At 31 December 2009	93	33	210	336
At 31 December 2008	108	45	325	478

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES

	The Company	
	2009	2008
	HK$'000	HK$'000
Investments in subsidiaries		
Unlisted shares, at cost	**100**	100
Amounts due from subsidiaries	**11,642**	600

(a) The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayments.

(b) Particulars of the subsidiaries at 31 December 2009 are as follows:

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Principal activities
Grand Vinco Capital Limited ("Vinco Capital")	Hong Kong	10,000,000 ordinary shares of HK$1 each	100%	100%	Provision of financial services
Vinco Financial Limited	Hong Kong	1 ordinary share of HK$1 each	100%	100%	Provision of financial services

15. TRADE AND OTHER RECEIVABLES

	The Group	
	2009	2008
	HK$'000	HK$'000
Trade debtors	**405**	72
Less: Allowance for doubtful debts	**—**	—
Loans and receivables	**405**	72
Rental and other deposits	**548**	642
	953	714

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES *(Continued)*

All of the trade and other receivables, apart from rental and other deposits, are expected to be recovered within one year.

(a) Ageing analysis

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

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

Trade debtors are due within 60 days from the date of billing. Further details on the Group's credit policy are set out in note 19(a)(i).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(f)(i)).

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**405**	72

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

	The Group		*The Company*	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks	**—**	4,166	**—**	—
Cash at bank and on hand	**26,173**	26,055	**6,325**	18,123
Cash and cash equivalents in the balance sheets and consolidated cash flow statement	**26,173**	30,221	**6,325**	18,123

17. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2009	2008
	HK$'000	HK$'000
Provision for Hong Kong Profits Tax for the year	**9**	155
Provisional Profits Tax paid	**(310)**	(348)
Tax (recoverable)/payable	**(301)**	(193)

	The Group	
	2009	2008
	HK$'000	HK$'000
Income tax recoverable recognised in the consolidated balance sheet	**(441)**	(325)
Income tax payable recognised in the consolidated balance sheet	**140**	132
Tax (recoverable)/payable	**(301)**	(193)

Notes To The Financial Statements

17. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(Continued)*

(b) Deferred tax assets and liabilities not recognised

In accordance with the accounting policy set out in note 2(i), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$3,038,000 (2008: HK$Nil) as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

There were no significant unrecognised deferred tax liabilities as at 31 December 2009 and 2008.

18. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	**Share capital** HK$'000	**Share premium** HK$'000	**(Accumulated losses)/ retained profits** HK$'000	**Total equity** HK$'000
Balance at 2 January 2008					
(date of incorporation)		—	—	—	—
Changes in equity for 2008:					
Issuance of shares pursuant					
to the Reorganisation	*18(c)(ii)*	100	—	—	100
Capitalisation issue	*18(c)(iii)*	5,500	(5,500)	—	—
Issuance of shares under					
the placing	*18(c)(iv)*	800	19,200	—	20,000
Share issuance expenses		—	(1,813)	—	(1,813)
Total comprehensive income					
for the year		—	—	536	536
Balance at 31 December 2008					
and 1 January 2009		**6,400**	**11,887**	**536**	**18,823**
Changes in equity for 2009:					
Dividends approved in respect					
of the previous year		**—**	**—**	**(499)**	**(499)**
Total comprehensive loss					
for the year		**—**	**—**	**(257)**	**(257)**
Balance at 31 December 2009		**6,400**	**11,887**	**(220)**	**18,067**

NOTES TO THE FINANCIAL STATEMENTS

18. CAPITAL AND RESERVES *(Continued)*

(b) 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: HK0.078 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	—

(c) Share capital

	Note	2009 Number of shares	2009 HK$'000	2008 Number of shares	2008 HK$'000
Authorised:					
Ordinary share of HK$0.01 each	*18(c)(i)*	200,000,000,000	2,000,000	200,000,000,000	2,000,000
Ordinary shares, issued and fully paid:					
At 1 January		640,000,000	6,400	—	—
Issuance of shares upon formation of the Company	*18(c)(i)*	—	—	100	—
Issuance of shares upon the Reorganisation	*18(c)(ii)*	—	—	9,999,900	100
Capitalisation issue	*18(c)(iii)*	—	—	550,000,000	5,500
Issuance of shares for the placing	*18(c)(iv)*	—	—	80,000,000	800
At 31 December		640,000,000	6,400	640,000,000	6,400

Notes To The Financial Statements

18. CAPITAL AND RESERVES *(Continued)*

(c) Share capital *(Continued)*

(i) Issuance of shares upon the formation of the Company

The Company was incorporated on 2 January 2008 with an authorised share capital of HK$2,000,000,000 divided into 200,000,000,000 ordinary shares of HK$0.01 each.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On the formation of the Company, 100 nil paid ordinary shares were issued.

(ii) Issuance of shares upon the Reorganisation

As part of Reorganisation and as consideration for the acquisition of the entire share capital of Grand Vinco Capital Limited ("Vinco Capital"), the Company issued and allotted a total of 9,999,900 ordinary shares of HK$0.01 each, credited as fully paid, to Vinco Capital's shareholders on 19 May 2008.

(iii) Capitalisation issue

On 22 April 2008, an amount of HK$5,500,000 standing to the credit of the share premium account of the Company was applied in paying up in full 550,000,000 ordinary shares of HK$0.01 each which were allotted and distributed as fully paid to the holders of shares whose names appeared on the register of members of the Company at the close of business on 22 April 2008.

(iv) Issuance of shares under placing

On 19 May 2008, an aggregate of 80,000,000 ordinary shares of HK$0.01 each were issued and offered for subscription at a price of HK$0.25 per share upon the listing of the Company's shares on the GEM of the Stock Exchange. The amount of proceeds of HK$800,000, representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$19,200,000, before the share issuance expenses, were credited to the share premium account.

(v) Share capital as at 1 January 2008

Share capital of the Group as at 1 January 2008 represented the amount of the paid-up capital of Vinco Capital.

NOTES TO THE FINANCIAL STATEMENTS

18. CAPITAL AND RESERVES *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

(ii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares used by the Company in exchange thereafter. This reserve is distributable.

(e) Distributability of reserves

As at 31 December 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$11,667,000 (2008: HK$12,423,000). After the balance sheet date, the directors proposed a final dividend of HK Nil cent per ordinary share (2008: HK0.078 cents per ordinary share), amounting to HK$ Nil (2008: HK$500,000) (note 18(b)(i)). This dividend has not been recognised as a liability at the balance sheet date.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of (i) cash and cash equivalents and (ii) capital, which comprises all components of equity.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. In order to balance its overall capital structure, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. The Group's overall strategy remains unchanged throughout the year.

Vinco Capital, a wholly-owned subsidiary of the Company, provides financial services to its customers and is subject to capital requirements imposed by the Securities and Futures Commission ("SFC"). During the years ended 31 December 2009 and 2008, Vinco Capital complied with the capital requirements imposed by SFC.

Other than the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

(a) *Financial risk factors*

Exposure to credit and liquidity risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(i) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's credit risk is primarily attributable to trade receivables and cash at banks. Management has a credit policy in place and the exposures to credit risk is monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally the Group does not obtain collateral from customers.

In respect of cash at banks, the Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating. Given these high credit ratings, the management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

(ii) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The total contractual undiscounted cash flows of the Group's and the Company's non-derivative financial liabilities are not materially different from their carrying amounts as their maturities were within one year.

Notes To The Financial Statements

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(Continued)*

(b) Fair values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2009 and 2008.

20. OPERATING LEASE COMMITMENTS

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases in respect of the office premises are payable as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within 1 year	**1,708**	1,778
After 1 year but within 5 years	**1,423**	—
	3,131	1,778

The leases typically run for an initial period of two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

21. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year.

Remuneration for key management personnel and other related party

All members of key management personnel are directors of the Company, and the remuneration for them is disclosed in note 8.

The Group paid salaries and allowances of approximately HK$1,585,000 (2008: HK$1,342,000) and contributions to retirement benefits scheme of approximately HK$13,000 (2008: HK$13,000) to a close family member of a director of the Company during the year ended 31 December 2009.

The Directors confirmed that the above related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms.

Notes To The Financial Statements

22. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2009, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be Vinco Asia Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

23. ACCOUNTING JUDGMENTS AND ESTIMATES

The method, estimates and judgments the management use in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgments, on matters that are inherently uncertain. Certain critical accounting judgments in applying the Group's accounting policies are described below.

(a) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The management reviews periodically the useful life of an asset and its residual value. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) Impairments

If circumstances indicate that the carrying value of plant and equipment may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets". The carrying amounts of plant and equipment are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount is reduced to recoverable amount. The recoverable amount of plant and equipment is the greater of the fair value less costs to sell and value in use. It is difficult to precisely estimate fair value less costs to sell because quoted market prices for the Group's asset are not available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgments relating to level of sale volume, selling price and amount of operating costs. The management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

NOTES TO THE FINANCIAL STATEMENTS

23. ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

(b) Impairments *(Continued)*

Impairment losses for bad and doubtful debts are assessed and provided based on the management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the management when assessing the credit worthiness and past collection history of each individual customer.

Any increase or decrease in the impairment losses would have an impact on the net profit or loss in future years.

(c) Provision for Deferred Tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

24. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised), *Presentation of financial statements, and* HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

25. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

FINANCIAL SUMMARY

Annual results for the three years ended 31 December 2009

	For the year ended 31 December		
	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Turnover	32,681	14,104	**6,869**
Net profit/(loss) attributable to the equity shareholders of the Company	19,016	781	**(3,379)**

	As at 31 December		
	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total assets	30,274	31,738	**27,903**
Total liabilities	17,833	329	**372**
Total equity	12,441	31,409	**27,531**