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## **Value Convergence Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

The board (the “**Board**”) of directors (the “**Directors**”) of Value Convergence Holdings Limited (the “**Company**”) submits the audited consolidated results of the Company and its subsidiaries (collectively “**VC Group**” or the “**Group**”) for the year ended 31 December 2014, together with the audited comparative figures of the corresponding period in 2013.

#### **FINANCIAL HIGHLIGHTS**

The Group’s consolidated revenue for the year ended 31 December 2014 amounted to approximately HK\$78.2 million, which increased by about 5% as compared with the same period in 2013.

The Group recorded a consolidated loss attributable to shareholders amounted to approximately HK\$8.3 million for the year ended 31 December 2014 against a consolidated loss of approximately HK\$40.7 million for the same period in 2013, representing a decrease of about 80%.

## **CHIEF EXECUTIVE OFFICER'S STATEMENT**

Year 2014 was another year of volatilities and opportunities. The operating environment for Hong Kong's financial industry was hindered by an uneven global economy recovery and changing environment in the Mainland China's financial market, while the global financial market struggled to rally. Nevertheless, I am pleased to report another year of progress for the Group in which the Group had improved consolidated revenue through further expansion of our core businesses. Our sustained business growth is grounded in such core factors as excellent customer services by our business units, continued like-for-like revenue growth trends, and our improving operational efficiency. The progress made by the Group during the year against a backdrop of global economic volatilities and fluctuating momentum was encouraged, and I am immensely proud of the expertise and commitment to achieve these goals shown by my colleagues across the Group.

In setting new benchmarks for the Group's performance, we are committed to achieving long-term and balanced growth on the basis of solid financial capability and a pragmatic operating strategy. With the shrewd insights, efforts and dedication to innovation of our executive team, the Group has refined its resources allocation to those businesses that can create or extend our sources of revenue, and which put us in a position as competitive as our industry peers in terms of growth of business. Further, the Group's professional attitude in delivering financial services and products continues to garner clients' trust, industry recognition and new business opportunities for the company. These have been gradually reflected in our financial results in recent years, in spite of the considerable weakness of both the global and local economy.

Although the nature of our financial business makes it particularly sensitive to fluctuating economic conditions and investors' sentiments, we maintain a firmly anchored strategy and our focus is to develop and fortify our core businesses including securities, futures and options brokering, financing services and corporate finance services; capitalizing on the significant growth opportunities and thereon delivering shareholder value from our strength. Our continued success in enhancing the Group's capabilities is reflected in the growth in revenue from our core businesses, notably in our brokerage and financing businesses, which is attributed to the increase of our net interest rate spread last year and the expansion of our money lending business which began in mid 2013. In 2014, the Group recorded an increase in consolidated revenue by about 5% and a substantial decrease in consolidated loss attributable to shareholders by about 80% as compared with 2013.

Apart from the above, the Group constantly seeks to explore business opportunities in the PRC market. As for the local financial market, the Group will devote increased resources to capture the opportunities with comparably positive growth and return in the coming year. I believe that these initiatives will materialise as revenue growth and improvement in the Group's financial performance, and consolidate the basis for our business development in the future.

Looking forward, we foresee that 2015 is still a challenging year for the financial sector. Divergent risks as well as opportunities reign over global economic conditions, while the financial market seeks to rally for broadening growth. On the Mainland China front, signs of a slowing economy prevail. Our countering strategies will include enlarging our revenue base through fostering our core businesses, and tapping into new emerging markets with expanded business initiatives.

In closing, on behalf of my fellow Directors, I wish to express our wholehearted appreciation and gratitude for the management team and all staff of the Group for their professional excellence, dedication and contributions which keep the Group competitive in the industry. I would also like to extend our sincere thanks to our shareholders and stakeholders for their confidence and continuous support in this challenging year. As always, we strive for creating greater value for our shareholders and investors.

**Tin Ka Pak, Timmy**

*Chief Executive Officer and Executive Director*

Hong Kong  
26 March 2015

## **MANAGEMENT DISCUSSION AND ANALYSIS**

VC Group is an established financial services group committed to delivering premier financial services and products that fulfill various investment and wealth management needs of clients in the Greater China region. The Group's expertise includes securities, futures and options brokering, financing services, corporate finance services in relation to sponsoring and underwriting initial public offerings, mergers and acquisitions, as well as asset management.

### **Business Review**

As an international financial center, Hong Kong was inevitably affected by an array of challenges under a difficult macro environment in 2014. An uneven global economic recovery continued, reflecting the fragile growth momentum and downside risks that major economies grappled with. This was evident in the setbacks to the global capital market and the pervasively cautious stance among investors. These factors added to the pressure on the operating environment for Hong Kong's financial industry in 2014, which also hampered by the stringent regulatory requirements and changing conditions in the Mainland China's financial market.

Despite the volatility, the local financial market delivered relatively stable performance in 2014 as compared to the years following the financial tsunami which erupted in late 2008. Drawing on the growth momentum from the fourth quarter of 2013, especially in the initial public offerings market, the local capital market hit an upswing in the first quarter of 2014, during which the steady inflow of hot money into the Hong Kong market as well as listings and public offerings provided strong market stimulus. However, the market experienced a moderate decline as global economic conditions wobbled in the second quarter of 2014. The local capital market had a gradual rebound in the second half of 2014, which was reflected in the improvement in the local stock market's average daily trading turnover, market capitalization and other various key market indices.

The average daily trading turnover was approximately HK\$68.3 billion for the first quarter of 2014 and even recorded approximately HK\$71.4 billion in March 2014. However, it dropped to approximately HK\$57.5 billion in the second quarter of 2014. Fortunately, the local stock market experienced another rebound from July 2014 until the end of 2014. The average daily trading turnover for the fourth quarter was even up to approximately HK\$97 billion. Overall, the local stock market's average daily trading turnover for 2014 was approximately HK\$69.5 billion, which was about 11% higher than that of 2013. This was also reflected in the Hang Seng Index (the "HSI"), which reached a record of 25,317 on 3 September 2014. As at 31 December 2014, the HSI closed at 23,605, which was slightly higher as compared with 23,306 as at 31 December 2013. The total market capitalization also increased steadily to reach approximately HK\$25,072 billion as at 31 December 2014 as compared with approximately HK\$24,043 billion as at 31 December 2013.

The growth of the local capital market was also reflected in the total fund raised in Hong Kong of approximately HK\$935.8 billion in 2014, which represented a significant increase of about 147% as compared with approximately HK\$378.9 billion for the same period in 2013. This further affirmed that the local capital market was very active and competitive in 2014.

As a financial services provider, the business performance of VC Group in 2014 was impacted by both the global and local economic and market conditions. As always, the Group thrived on its strong financial standing and its various investment services and products offered to our clients, all of which consolidated the Group as a competitive player in the industry. We are committed to achieving long-term and balanced growth on the basis of solid financial capability and a pragmatic operating strategy, which create and enhance our shareholders' value. In particular, the Group's professional attitude in delivering financial services and products continues to garner clients' trust, industry recognition and new business opportunities for the company. The Group endeavors to set new benchmarks in its business performance as well as financial and operating capabilities, as we fortify our business to capture future opportunities.

While the nature of VC Group's financial business makes it particularly sensitive to fluctuating economic conditions and investors' sentiments, the Group maintains a firmly anchored operating strategy, as our focus is to develop and fortify our core businesses including (i) securities, futures and options brokering and dealing (including local and overseas securities dealing, futures and options trading, derivatives and other structured products trading, margin financing, placement and underwriting, etc.); (ii) financing services; and (iii) corporate finance services in relation to sponsoring and underwriting initial public offerings, and mergers and acquisitions; capitalizing on significant growth opportunities and thereon delivering shareholder value from our strength.

For details of the financial results analysis of the Group for the year ended 31 December 2014, please refer to the section "Financial Review" below.

## **Outlook**

Looking forward, the Group foresees that 2015 is still a challenging year for the financial sector. Divergent risks as well as opportunities reign over global economic conditions, while the financial market seeks to rally for broadening growth. Signs of a slowing economy are set to prevail over the Mainland China's financial market, which calls for flexibility in strategies among foreign investors and corporations.

Our countering strategies will include enlarging our revenue base through fostering our core businesses, and tapping into new emerging markets with expanded business initiatives. While applying our excellent operational capabilities to serve our clients, the Group will devote increased resources to business diversification and acquisition when opportunities arise, with the view to strengthening our all-round business position in Hong Kong and beyond. While the Group continues to explore business opportunities in the PRC market, we also keep a firm grasp on the business opportunities with comparably positive growth and return in the local financial market in the coming year and more resources will then be devoted.

In November 2014, the launch of Shanghai-Hong Kong Stock Connect enabled Mainland Chinese investors to invest in selected companies listed in Hong Kong while at the same time allowing Hong Kong and international investors to buy Chinese A shares listed in Shanghai. This encourages overseas companies seeking a primary or secondary listing in Hong Kong, which may find this an attractive opportunity to increase cash flows from Mainland Chinese investors seeking diversification of their investment portfolios. Meanwhile, overseas companies may also use the presence on the Hong Kong stock exchange to boost their profiles in China. Hopefully this development may help boost the growth of our businesses, especially the brokerage and financing businesses, in the long term.

### **Long-Term Business Strategy**

The Group's core businesses remain competitive with a focus on securities, futures and options brokering and dealing (including local and overseas securities dealing, futures and options trading, derivatives and other structured products trading, margin financing, placement and underwriting, etc.), financing services, corporate finance services in relation to sponsoring and underwriting initial public offerings, and mergers and acquisitions, as well as asset management.

Throughout 2014, the Group did not make any significant changes to its business strategy. Despite market volatility, the Group safeguarded its competitive edge due to a number of factors: clients established over the years, diverse premium services that cater to clients' needs, competitive fees, and a proactive and professional team that is dedicated to innovation and exploration of new markets to drive greater business returns for investors and shareholders. With the successful placing of 82,600,000 shares of the Company completed in January 2015, the Company will use the net proceeds of approximately HK\$79.7 million from the placement to reinforce its core businesses, expand the financing services and seek for any investment opportunities.

### **Financial Review**

For the year ended 31 December 2014, the Group's consolidated revenue was approximately HK\$78.2 million which increased by about 5% as compared with the same period in 2013. The Group recorded a consolidated loss attributable to shareholders amounted to approximately HK\$8.3 million for the year ended 31 December 2014 against a consolidated loss of approximately HK\$40.7 million for the same period in 2013, representing a decrease of about 80%. The substantial decrease in the Group's consolidated loss attributable to shareholders in 2014 was mainly attributable to the (i) recognition of the net gain of approximately HK\$7.2 million on fair value changes in relation to 80 million non-listed warrants issued by the Company and the investment of HK\$20 million in a non-listed convertible bond held by the Company as compared with the net loss of approximately HK\$19.7 million on the fair value changes on the same financial instruments in 2013; (ii) improvement in the operating performance from the Group's brokerage and financing businesses achieving an operating profit after tax of approximately HK\$0.8 million as compared with an operating loss of approximately HK\$3 million in 2013; and (iii) reduction in the Group's corporate expenses of approximately HK\$3.8 million.

Excluding the major non-recurring and/or non-operating nature items, including the fair value changes from the warrants and the convertible bond as abovementioned, the loss of approximately HK\$1 million on deregistration of a subsidiary and the impairment loss of approximately HK\$2.8 million on the investment cost and the loan to a private entity in which the Group held as an available-for-sale investment in 2014, the Group generated a consolidated operating loss after tax of approximately HK\$11.7 million for the year ended 31 December 2014 as compared with a loss of approximately HK\$21 million for the same period in 2013, representing a decrease of about 44%.

The Group had turned from a consolidated profit attributable to shareholders of approximately HK\$3.3 million for the six months ended 30 June 2014 to the consolidated loss of approximately HK\$8.3 million for the year ended 31 December 2014. Excluding the financial effects from the abovementioned major non-recurring and/or non-operating nature items, the Group generated a consolidated operating loss after tax of approximately HK\$7.3 million for the second half of 2014 as compared with a loss of approximately HK\$4.4 million for the first half of 2014. This was mainly attributable to the slowing down in the growth of the Group's brokerage and financing businesses in the second half of 2014.

To facilitate the review, the Group's segment information shown in Note 4 to the consolidated financial statements is reproduced below after some re-arrangements:

	<b>Year ended 31 December</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Segmental results:		
Brokerage and Financing	<b>983</b>	(2,999)
Corporate Finance	<b>(6,848)</b>	(7,402)
Asset Management	<b>(298)</b>	(1,407)
	<hr/>	<hr/>
Group segment loss	<b>(6,163)</b>	(11,808)
Unallocated costs, net	<b>(6,123)</b>	(10,387)
Fair value change on derivative financial asset	<b>(2,570)</b>	(1,663)
Fair value change on financial liability at fair value through profit or loss	<b>9,771</b>	(18,023)
Loss on deregistration of a subsidiary	<b>(956)</b>	–
Net unrealised gain on investments held for trading	<b>789</b>	–
Impairment loss on investment cost/loan to available-for-sale investments	<b>(2,828)</b>	(109)
	<hr/>	<hr/>
Loss before taxation	<b>(8,080)</b>	(41,990)
Income tax (expense) credit	<b>(223)</b>	1,249
	<hr/>	<hr/>
Loss for the year attributable to shareholders of the Company	<b>(8,303)</b>	(40,741)
	<hr/>	<hr/>

### ***Brokerage and Financing***

In 2014, the Company, through its indirect wholly owned subsidiaries, namely, VC Brokerage Limited and VC Futures Limited, provides securities, futures and options brokering and dealing, margin financing, and placing and underwriting services. It also through another indirect wholly owned subsidiary, VC Finance Limited, provides money lending services. For the year ended 31 December 2014, the brokerage and financing businesses recorded total revenue of approximately HK\$75.5 million as compared with approximately HK\$70.1 million for the same period last year, representing an increase of about 8%. Its major revenue streams, including the brokerage commission income and interest income from financing, increased steadily for the year ended 31 December 2014 as compared with the same period last year.

For the year ended 31 December 2014, the Group's brokerage commission and other related fee from dealing in securities, futures and options contracts increased to approximately HK\$42.5 million from approximately HK\$40.5 million for the same period last year, representing an increase of about 5%, which reflected that the Group's brokerage business keeps growing, although to a lesser extent, with the local stock market as mentioned in the section "Business Review" above.

For the year ended 31 December 2014, the Group's total interest income from financing, which included the interest income derived from brokerage business and the interest income derived from money lending business, increased significantly by about 23% to approximately HK\$30.3 million from approximately HK\$24.7 million for the same period last year. Among these, the Group's interest income from our brokerage clients maintained a constant growth, in which an amount of approximately HK\$22.1 million was recorded for the year ended 31 December 2014, representing about 9% higher than that of the same period last year. Though the average loan portfolio to our brokerage clients for the year ended 31 December 2014 was about 5% less than that of the same period last year, the growth was mainly contributed by the increase of our net interest rate spread.

Indeed, the increase in the Group's total interest income from financing in the current year was mainly attributable to the interest income generated from the provision of money lending services to our clients, which recorded approximately HK\$8.2 million for the year ended 31 December 2014 as compared with approximately HK\$4.5 million for the same period last year, representing an increase of about 85%. In mid 2013, the Group started to devote more resources into the expansion of our money lending business. This helps broaden our revenue base by taking the advantage of the huge growth potential from the loan market and also offering our clients with more financial flexibility to meet their personal and business needs.

Meanwhile, the Group continued to put great effort into implementing our credit control policies and procedures including the review of our clients' creditworthiness and credit limits from time to time so as to minimize our credit risk exposure. For the year ended 31 December 2014, there was a reversal of impairment loss of approximately



HK\$55,000 (2013: reversal of HK\$2 million) for accounts receivable arising from the ordinary course of business of dealing in securities transactions in accordance with the Group's established credit policies and procedures which were principally based on the doubtful unsecured exposure having assessed the fair values of the clients' collaterals held, the evaluation of collectability and aging analysis of the client accounts. The significant reversal of impairment loss in 2013 was resulted from the recovery of some irrecoverable debts recognised in previous years.

Further, the Group also offers placing and underwriting services to our clients, and acts as placing agents and underwriters for many Hong Kong listed companies' fund raising activities. For the year ended 31 December 2014, the Group's placing and underwriting commission decreased to approximately HK\$2.2 million (2013: HK\$5 million). In the coming year, the Group will put more efforts to capture the opportunities towards initial public offerings and other fund raising exercises in Hong Kong.

Overall, the operating performance of the brokerage and financing businesses in 2014 improved significantly and achieved a turnaround as a result of the revenue growth and improved operating efficiency. For the year ended 31 December 2014, the operating profit before and after tax generated from the brokerage and financing businesses was approximately HK\$1 million and HK\$0.8 million respectively (2013: operating loss before and after tax of HK\$3 million).

### ***Corporate Finance***

In 2014, VC Capital Limited, an indirect wholly owned subsidiary of the Company, was appointed as the financial adviser of several Hong Kong listed companies for a number of corporate transactions and actively involved in helping some clients as sponsor to seek for new listings on both the Main Board and the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

For the year ended 31 December 2014, the Group's corporate financial advisory and related services recorded a revenue of approximately HK\$3.1 million (2013: HK\$4.4 million) and generated an operating loss before and after tax of approximately HK\$6.8 million (2013: HK\$7.4 million). There are some transactions in progress which are expected to be completed in the first half of 2015 and the relevant revenue will be recognised thereon. As mentioned in the section "Business Review" above, the local capital market was very active and competitive in 2014. The total fund raised from the initial public offerings in Hong Kong was approximately HK\$227.7 billion in 2014, representing a sharp increase of about 35% as compared with that of the same period in 2013. The Group will strive for the best to capture the growing business opportunities from the more favourable and stable local market conditions in the future.

Generally, initial public offerings sponsorships will continue to be a major revenue driver of our corporate finance segment and will create the business opportunities in share placements and underwriting for the Group as a whole.

### ***Asset Management***

The Group is still pursuing new business opportunities and resources to grow its asset management business so as to enhance our product and service offerings to cater for the diverse and growing needs of our clients. In the past few years, the global economic recovery continued to gain some momentum after the financial tsunami, however, it is still in the early stage of recovery and the global economic growth remains fragile constantly, which make the development of our asset management business even more difficult and competitive.

For the year ended 31 December 2014, the Company's asset management business, through its indirect wholly owned subsidiary, VC Asset Management Limited recorded an operating loss before and after tax of approximately HK\$0.3 million (2013: HK\$1.4 million) mainly comprising the general operating expenses incurred for such business.

### ***Fair value change on derivative financial asset***

On 3 July 2013, the Company subscribed a non-listed Hong Kong dollar denominated convertible bond (the "Convertible Bond") in a principal amount of HK\$20 million issued by a company listed on the Stock Exchange, which will be matured on the second anniversary of the issue date of the Convertible Bond. Interest of 8% per annum is payable annually until the Convertible Bond is converted. The Company is entitled to convert the Convertible Bond to ordinary shares at a conversion price of HK\$0.79 each (which was adjusted to HK\$0.65 each from 23 January 2015) up to the maturity date.

The Convertible Bond was split into two components, including (i) convertible bond receivable, which was carried at amortised cost, and (ii) derivative financial asset, which was measured at fair value, in the consolidated financial statements. As at 31 December 2014, the Convertible Bond had not been converted, in which the carrying amount of the convertible bond receivable was approximately HK\$18.8 million and that of the derivative financial asset had become zero in accordance with a valuation report prepared by an independent professional valuer as at 31 December 2014 as compared with approximately HK\$16.7 million and HK\$2.6 million respectively as at 31 December 2013. As such, the Group recognised a loss of approximately HK\$2.6 million on fair value change of the derivative financial asset in profit or loss for the year ended 31 December 2014. Details had been given in Notes 13 and 14 to the consolidated financial statements.

### ***Fair value change on financial liability at fair value through profit or loss***

On 2 August 2013, the Company placed and issued 80 million non-listed warrants (the "Warrant(s)") at an issue price of HK\$0.02 each. Each Warrant carries the right to subscribe for one ordinary share of the Company at a subscription price of HK\$1.20, which can be exercised at any time during a period of 24 months commencing from the date of issue of the Warrants. As at 31 December 2014, the 80 million Warrants are outstanding. The maximum net proceeds from the exercise of the subscription rights attaching to the Warrants will be approximately HK\$96 million. The Company intends to use these net proceeds for general working capital of the Group and/or possible investment in the future when opportunities arise.

These Warrants were classified as financial liability at fair value through profit or loss and were measured at fair value with changes in fair value recognised in profit or loss. As at 31 December 2014, the carrying amount of these Warrants was approximately HK\$9.8 million in accordance with a valuation report prepared by an independent professional valuer as at 31 December 2014 as compared with approximately HK\$19.6 million as at 31 December 2013. As such, the Group recognised a gain of approximately HK\$9.8 million on fair value change of the Warrants in profit or loss for the year ended 31 December 2014. Details had been given in Note 20 to the consolidated financial statements.

#### ***Loss on deregistration of a subsidiary***

Upon deregistration of VC Capital (Shenzhen) Limited completed in December 2014, the Company's indirect wholly owned subsidiary, which was engaged in the provision of consultancy services in the PRC, the exchange reserve arising from the translation of its assets and liabilities into the presentation currency of the Group was reclassified to profit or loss making a loss of approximately HK\$1 million for the year ended 31 December 2014. Details had been given in Note 7 to the consolidated financial statements.

#### ***Impairment loss on investment cost/loan to available-for-sale investments***

For the year ended 31 December 2014, the Group recognised an impairment loss of approximately HK\$2.8 million on investment cost and loan (included in other receivables) to a private entity in which the Group held as available-for-sale investment in 2014 as such entity had negative operating cash flow and sustained loss during the year. In 2013, the Group recognised an impairment loss of approximately HK\$0.1 million on investment cost in another private entity in which the Group invested in 2011. Details had been given in Note 7 to the consolidated financial statements.

#### ***Unallocated costs, net***

For the year ended 31 December 2014, the net unallocated costs of the Group amounted to approximately HK\$6.1 million as compared with approximately HK\$10.4 million for the same period in 2013, which mainly included the unallocated corporate staff costs and related expenses, rental and utility expenses and professional costs, etc. The significant decrease in the unallocated costs in 2014 was mainly attributable to the decrease in corporate staff costs incurred.

#### ***Finance costs***

For the year ended 31 December 2014, the finance costs of the Group amounted to approximately HK\$0.7 million (2013: HK\$0.9 million), in which all were incurred in relation to the short-term bank loans utilised for the Group's brokerage and financing businesses.

### ***Income tax expense/credit***

For the year ended 31 December 2014, the income tax expense of the Group amounted to approximately HK\$0.2 million which represented the provision of Hong Kong Profits Tax charge in relation to the profitability generated from the brokerage and financing businesses. For the year ended 31 December 2013, the tax provision of approximately HK\$1.2 million for the PRC Enterprise Income Tax was reversed, which was provided by VC Capital (Shenzhen) Limited in 2012 in relation to the waiver of an intercompany balance by another group entity, and was confirmed to be not taxable.

### ***Liquidity and financial resources/capital structure***

For the year ended 31 December 2014, the Group financed its business operations and investments with internal resources, cash revenues generated from operating activities and short-term bank loans.

The Group adopts a prudent treasury policy. As at 31 December 2014, all borrowings and almost all the bank balances and cash were denominated in Hong Kong dollars. The Group intends to maintain minimum exposure to foreign exchange risks. Further, all the bank balances and cash were put in time deposits, saving deposits and current accounts as at 31 December 2014.

The Group held banking facilities of HK\$130 million granted from a bank to VC Brokerage Limited as at 31 December 2014 (2013: HK\$130 million), in which HK\$80 million (2013: HK\$80 million) was general short-term money market loan and current account overdraft and was currently required to be secured by bank deposits of HK\$40 million (2013: HK\$40 million), and the other HK\$50 million (2013: HK\$50 million) was short-term money market loan for margin financing business and was required to be secured by VC Brokerage Limited's margin clients' listed securities when utilised. As at 31 December 2014, the Group utilised the general short-term money market loan of HK\$40 million (2013: Nil) which bore an interest rate at HIBOR plus 2% per annum by pledge of bank deposits of HK\$40 million (2013: HK\$40 million).

As at 31 December 2014, the Group's net current assets, bank balances and cash and shareholders' equity (other than clients' segregated accounts) amounted to approximately HK\$490.8 million (2013: HK\$471.6 million), HK\$228.3 million (2013: HK\$152.9 million) and HK\$501.2 million (2013: HK\$503.4 million) respectively. Current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of approximately 4.8 as at 31 December 2014 (2013: 6.4).

As at 31 December 2014, the total number of issued ordinary shares of the Company was 418,166,829 (2013: 411,806,829 shares). The increase of 6,360,000 shares in 2014 was attributable to the exercise of share options by the Directors of the Company and the employees of the Group.

As aforementioned, the Company placed and issued 80 million Warrants in August 2013 and these Warrants can be exercised until 1 August 2015. Upon full exercise of the subscription rights attaching to the Warrants, the Company will issue 80 million subscription shares, representing approximately 15.98% of the aggregated number of the issued ordinary shares of the Company as at the date of this announcement; and approximately 13.77% of the aggregated number of issued ordinary shares of the Company as enlarged by the issue and allotment of the subscription shares upon the full exercise of the subscription rights attaching to the Warrants.

#### ***Charges on group assets***

As aforementioned, the Group made a HK\$40 million charge over its bank deposits to a bank (2013: HK\$40 million) for securing the banking facilities of HK\$80 million granted to VC Brokerage Limited in general short-term money market loan and current account overdraft as at 31 December 2014 (2013: HK\$80 million).

#### ***Gearing ratio***

As at 31 December 2014, the Group's gearing ratio, expressed as total borrowings (solely the bank borrowings) over shareholders' equity, was approximately 0.08 (2013: zero).

#### ***Foreign exchange exposure***

It is the Group's policy for all operating entities to use corresponding local currency as much as possible so as to minimize exchange related risks. For the year ended 31 December 2014, almost all of the Group's principal businesses were conducted and recorded in Hong Kong dollars. Impact from foreign exchange exposure was thus minimal and no hedging against foreign currency exposure had been necessary. In view of the operational needs, the Group will continue to monitor the foreign currency exposure from time to time and take necessary action to minimize the exchange related risks.

#### ***Headcount and employees information***

As at 31 December 2014, the Group employed a total of 92 employees (31 December 2013: 95), of whom all are located in Hong Kong. Staff costs (including the Directors' emoluments) and staff sales commission amounted to approximately HK\$38.6 million and HK\$21.6 million respectively for the year ended 31 December 2014 (2013: HK\$43.6 million and HK\$21.9 million respectively). Details had been given in Note 5 to the consolidated financial statements.

The Group's employees are selected, remunerated and promoted based on their performance and qualifications. In addition to basic salaries and participation in Mandatory Provident Fund Scheme, other staff benefits include medical coverage, sales commission, discretionary performance-based bonus, discretionary share options and share awards. Training and development programs are also provided to employees from time to time.

### ***Material acquisitions and disposal of subsidiaries, significant investments and their performance***

For the year ended 31 December 2014, the Group did not make any material acquisitions and disposal of subsidiaries, significant investments nor capital commitment except for deregistration of the PRC subsidiary as mentioned in the section “Loss on deregistration of a subsidiary” above.

### ***Future plans for material investments or capital assets***

As at 31 December 2014, the Group had no other known plans with regard to material investments or capital assets. Material capital expenditure will be incurred when the Group begins to pursue different investments or projects in the coming years. The Group will finance the respective investments or projects using its internal resources and/or different financing options available, whichever should be deemed appropriate.

As at 31 December 2014, the Group did not have any significant commitments contracted but not provided for in respect of purchase of property and equipment in the consolidated financial statements (2013: Nil).

### ***Contingent liabilities***

As at 31 December 2014, the Company had given financial guarantees of HK\$130 million (2013: HK\$130 million) to a bank in respect of banking facilities of HK\$130 million provided to VC Brokerage Limited as mentioned in the section “Liquidity and financial resources/capital structure” above. As at 31 December 2014, banking facilities of an amount of HK\$40 million was utilised by VC Brokerage Limited (2013: Nil).

### ***Event after the reporting period***

On 18 December 2014, the Company entered into a placing agreement with a placing agent whereby the Company agreed to place, through the placing agent, on a best effort basis, up to an aggregate of 82,600,000 new shares to not less than six places at a price of HK\$0.98 per placing share. The placement had been successfully completed on 21 January 2015 and a total of 82,600,000 new shares at HK\$0.98 each were issued, representing approximately 16.49% of the aggregated number of the issued ordinary shares of the Company as enlarged by the issue of the 82,600,000 placing shares immediately after the completion, and provided the aggregate gross proceeds of approximately HK\$80.9 million to the Company. The Company intends to use the net proceeds of approximately HK\$79.7 million from the placement for (i) general working capital of the Group; (ii) expanding the margin financing and money lending business; and (iii) possible investment in the future when opportunities arise.

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	4	78,154	74,382
Other income	4	4,109	2,750
Staff costs	5	(60,201)	(65,469)
Commission expenses		(4,665)	(4,605)
Depreciation of property and equipment	12	(1,634)	(1,326)
Finance costs	6	(726)	(921)
Other operating expenses		(27,379)	(28,736)
Other gains and losses	7	4,262	(18,065)
		<u>          </u>	<u>          </u>
Loss before taxation		(8,080)	(41,990)
Income tax (expense) credit	9	(223)	1,249
		<u>          </u>	<u>          </u>
Loss for the year attributable to owners of the Company	8	(8,303)	(40,741)
		<u>          </u>	<u>          </u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(1)	(24)
Reclassification adjustment for exchange reserve realised on deregistration of a subsidiary		956	–
		<u>          </u>	<u>          </u>
Other comprehensive income for the year		955	(24)
		<u>          </u>	<u>          </u>
Total comprehensive income for the year attributable to owners of the Company		(7,348)	(40,765)
		<u>          </u>	<u>          </u>
Loss per share (HK cents)			
Basic	11	(2.01)	(9.98)
		<u>          </u>	<u>          </u>
Diluted	11	(2.01)	(9.98)
		<u>          </u>	<u>          </u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2014*

	<i>NOTES</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Trading rights		–	–
Property and equipment	12	<b>2,587</b>	4,028
Statutory deposits		<b>3,946</b>	4,651
Other intangible assets		<b>1,246</b>	1,246
Available-for-sale investments		–	–
Convertible bond receivable	13	–	16,717
Derivative financial asset	14	–	2,570
Rental and utility deposits		<b>2,630</b>	2,564
		<u><b>10,409</b></u>	<u>31,776</u>
<b>Current assets</b>			
Accounts receivable	15	<b>319,955</b>	361,582
Prepayments, deposits and other receivables		<b>3,864</b>	4,167
Investments held for trading	17	<b>10,500</b>	–
Convertible bond receivable	13	<b>18,833</b>	–
Pledged bank deposits		<b>40,000</b>	40,000
Bank balances and cash	16	<b>228,297</b>	152,898
		<u><b>621,449</b></u>	<u>558,647</u>
<b>Current liabilities</b>			
Accounts payable	18	<b>70,651</b>	56,908
Accrued liabilities and other payables		<b>9,888</b>	10,538
Taxation payable		<b>223</b>	–
Short-term bank borrowings	19	<b>40,000</b>	–
Financial liability at fair value through profit or loss (“FVTPL”)	20	<b>9,852</b>	19,623
		<u><b>130,614</b></u>	<u>87,069</u>
Net current assets		<u><b>490,835</b></u>	<u>471,578</u>
Total assets less current liabilities		<u><b>501,244</b></u>	<u>503,354</u>
<b>Capital and reserves</b>			
Share capital	21	<b>486,674</b>	41,181
Reserves		<b>14,570</b>	462,173
Total equity		<u><b>501,244</b></u>	<u>503,354</u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>(Note 1)</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note 2)</i>	Total <i>HK\$'000</i>
At 1 January 2013	40,592	432,827	123,758	(931)	(64,653)	8,094	(767)	538,920
Loss for the year	-	-	-	-	(40,741)	-	-	(40,741)
Other comprehensive income for the year								
Exchange differences arising on translation of foreign operations	-	-	-	(24)	-	-	-	(24)
Total comprehensive income for the year	-	-	-	(24)	(40,741)	-	-	(40,765)
Exercise of share options	589	4,610	-	-	-	-	-	5,199
Transfer of share option reserve upon exercise of share options	-	1,418	-	-	-	(1,418)	-	-
Reversal of share option reserve upon forfeiture/lapse of share options	-	-	-	-	3,704	(3,704)	-	-
At 31 December 2013	<u>41,181</u>	<u>438,855</u>	<u>123,758</u>	<u>(955)</u>	<u>(101,690)</u>	<u>2,972</u>	<u>(767)</u>	<u>503,354</u>
Loss for the year	-	-	-	-	(8,303)	-	-	(8,303)
Other comprehensive income for the year								
Exchange differences arising on translation of foreign operations	-	-	-	(1)	-	-	-	(1)
Reclassification adjustment for exchange reserve realised on deregistration of a subsidiary	-	-	-	956	-	-	-	956
Total comprehensive income for the year	-	-	-	955	(8,303)	-	-	(7,348)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance <i>(Note 3)</i>	438,855	(438,855)	-	-	-	-	-	-
Exercise of share options	5,238	-	-	-	-	-	-	5,238
Transfer of share option reserve upon exercise of share options	1,400	-	-	-	-	(1,400)	-	-
Reversal of share option reserve upon forfeiture/lapse of share options	-	-	-	-	185	(185)	-	-
At 31 December 2014	<u>486,674</u>	<u>-</u>	<u>123,758</u>	<u>-</u>	<u>(109,808)</u>	<u>1,387</u>	<u>(767)</u>	<u>501,244</u>

*Notes:*

- (1) Pursuant to a scheme of capital reorganisation, which became effective on 28 May 2003, the High Court of Hong Kong had approved the reduction of the Company's capital and the cancellation of the Company's share premium account. The credit arising from the reduction of the share capital account and cancellation of the share premium account, after eliminated against the accumulated loss, in the aggregate amount of HK\$123,758,200 was transferred to a capital reserve account of the Company. Such capital reserve account will not be treated as realised profits, and shall be treated as an undistributable reserve of the Company until and unless the creditors of the Company as at the date of the sanction are fully settled. In view of the fact that the Company had already fully settled the relevant debts due to the creditors, the Company is of the view that the reserve is distributable to the Company's shareholders.
- (2) Other reserve represented the negative differences between the purchase considerations and the amounts acquired from non-controlling interests arising from acquisitions of the remaining equity interests of 9.9% and 8.84% in VC Capital Limited and VC Asset Management Limited respectively completed in 2012.
- (3) The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (the “Group”) are principally engaged in the provision of financial services.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied a number of amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are mandatorily effective for the 2014 financial year.

The application of the amendments to HKFRSs and interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new standards and amendments to standards (“new and revised HKFRSs”) that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>3</sup>
Amendments to HKAS 1	Disclosure initiative <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>3</sup>
Amendments to HKAS 19	Defined benefit plans: Employee contributions <sup>2</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>3</sup>
Amendments to HKFRS11	Accounting for acquisitions of interests in joint operations <sup>3</sup>
HKFRS 9	Financial instruments <sup>6</sup>
HKFRS 14	Regulatory deferral accounts <sup>4</sup>
HKFRS 15	Revenue from contracts with customers <sup>5</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exception. Earlier application is permitted.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- <sup>4</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Directors of the Company are still in the process of assessing the impact of the adoption of the HKFRS 9 on the Group's consolidated financial statements.

The Directors of the Company anticipate that the adoption of the other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue principally arises from the financial services business comprising securities, futures and options brokering and dealing, provision of margin financing and money lending services, provision of placing and underwriting services, provision of initial public offerings, mergers and acquisitions, and other corporate finance related advisory services.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Brokerage commission and other related fee from dealing in securities and futures and options contracts	42,537	40,463
Underwriting, sub-underwriting, placing and sub-placing commission	2,188	4,997
Arrangement, management, advisory and other fee income	3,085	4,261
Interest income from clients	30,344	24,661
	<u>78,154</u>	<u>74,382</u>
Other income		
Interest income from authorised institutions	386	901
Interest income from convertible bond receivable	3,716	1,748
Sundry income	7	101
	<u>4,109</u>	<u>2,750</u>
Total income	<u>82,263</u>	<u>77,132</u>

The Group's operating businesses are organised and managed separately, according to the nature of products and services provided, with each segment representing a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. The Group operates financial services business and classifies its business into three operating segments, namely brokerage and financing businesses, corporate finance and asset management and reports to the Group's Executive Committee (being the Group's Chief Operating Decision Maker) accordingly. Details of these three operating and reportable segments are summarised as follows:

- (i) the brokerage and financing segment engages in securities, futures and options brokering and dealing, provision of margin financing and money lending, and placing and underwriting services;
- (ii) the corporate finance segment engages in the provision of corporate financial advisory services; and
- (iii) the asset management segment engages in the provision of asset management services.

The following tables represent revenue and results information of these operating segments for the years ended 31 December 2014 and 2013.

**Year ended 31 December 2014**

	Brokerage and financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	75,469	2,685	–	78,154	–	78,154
Inter-segment sales	24	460	–	484	(484)	–
	<u>75,493</u>	<u>3,145</u>	<u>–</u>	<u>78,638</u>	<u>(484)</u>	<u>78,154</u>
Segment profit (loss)	<u>983</u>	<u>(6,848)</u>	<u>(298)</u>	<u>(6,163)</u>	<u>–</u>	<u>(6,163)</u>
Elimination of intra-group costs						15,823
Central administrative costs						(21,946)
Fair value change on financial liability at FVTPL						9,771
Fair value change on derivative financial asset						(2,570)
Loss on deregistration of a subsidiary						(956)
Net unrealised gain on investments held for trading						789
Impairment loss on other receivables						(2,778)
Impairment loss on available-for-sale investments						(50)
Loss before taxation for the year						<u>(8,080)</u>

**Other segment information**

	Brokerage and financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Adjustments <i>HK\$'000</i> <i>(Note)</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:						
Interest income	(228)	(103)	(52)	(383)	(3,719)	(4,102)
Staff costs	36,675	5,748	127	42,550	17,651	60,201
Commission expenses	4,655	10	–	4,665	–	4,665
Depreciation of property and equipment	984	14	–	998	636	1,634
Reversal of impairment loss on accounts receivable, net	(55)	–	–	(55)	–	(55)
Finance costs	<u>3,448</u>	<u>90</u>	<u>–</u>	<u>3,538</u>	<u>(2,812)</u>	<u>726</u>
Amounts regularly provided to the Group's Executive Committee but not included in the measure of segment profit or loss:						
Income tax expense	<u>223</u>	<u>–</u>	<u>–</u>	<u>223</u>	<u>–</u>	<u>223</u>

## Year ended 31 December 2013

	Brokerage and financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	70,121	4,261	–	74,382	–	74,382
Inter-segment sales	15	100	–	115	(115)	–
	<u>70,136</u>	<u>4,361</u>	<u>–</u>	<u>74,497</u>	<u>(115)</u>	<u>74,382</u>
Segment loss	<u>(2,999)</u>	<u>(7,402)</u>	<u>(1,407)</u>	<u>(11,808)</u>	<u>–</u>	<u>(11,808)</u>
Elimination of intra-group costs						17,043
Central administrative costs						(27,430)
Fair value change on financial liability at FVTPL						(18,023)
Fair value change on derivative financial asset						(1,663)
Impairment loss on available-for-sale investments						(109)
Loss before taxation for the year						<u>(41,990)</u>

## Other segment information

	Brokerage and financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Adjustments <i>HK\$'000</i> <i>(Note)</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:						
Interest income	(797)	(43)	(34)	(874)	(1,775)	(2,649)
Staff costs	38,001	7,233	1,053	46,287	19,182	65,469
Commission expenses	4,665	–	–	4,665	(60)	4,605
Depreciation of property and equipment	776	8	3	787	539	1,326
Reversal of impairment loss on accounts receivable, net	(2,016)	–	–	(2,016)	–	(2,016)
Loss on disposal of other intangible assets	301	–	–	301	–	301
Finance costs	<u>2,674</u>	<u>90</u>	<u>–</u>	<u>2,764</u>	<u>(1,843)</u>	<u>921</u>
Amounts regularly provided to the Group's Executive Committee but not included in the measure of segment profit or loss:						
Income tax credit	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,249)</u>	<u>(1,249)</u>

*Note:* Adjustments include the central administrative costs that are not directly allocated to the three operating segments and also the intra-group finance costs and management fee which are eliminated at consolidation.

Segment profit or loss represents the profit earned by/loss from each segment, before the elimination of intra-group costs, central administrative costs, fair value change on financial liability at FVTPL, fair value change on derivative financial asset, loss on deregistration of a subsidiary, net unrealised gain on investments held for trading, impairment loss on other receivables and impairment loss on available-for-sale investments. This is the measure reported to the Group's Executive Committee for the purposes of resource allocation and performance assessment.

In 2014 and 2013, no single customer amounts to 10% or more of the Group's revenue. The Group's operations are mainly located in Hong Kong (place of domicile). The Group's revenue from external customers are mainly derived from Hong Kong for both 2014 and 2013. All of its non-current assets are attributed to the operations in Hong Kong.

Segment assets and liabilities are not presented as they are not regularly provided to the Group's Executive Committee.

#### 5. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Staff commission	<b>21,594</b>	21,896
Salaries and wages	<b>32,625</b>	37,040
Staff welfare	<b>1,506</b>	1,448
Recruitment costs	<b>72</b>	32
Termination benefits	–	532
Provision of long service payment/annual leave benefits	<b>29</b>	80
Retirement benefits scheme contributions	<b>1,203</b>	1,149
Discretionary and performance related incentive payments	<b>3,172</b>	3,292
	<b>60,201</b>	65,469

#### 6. FINANCE COSTS

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interests on:		
Bank loans and overdrafts wholly repayable within five years	<b>726</b>	921



## 7. OTHER GAINS AND LOSSES

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value change on financial liability at FVTPL ( <i>Note 20</i> )	<b>9,771</b>	(18,023)
Fair value change on derivative financial asset ( <i>Note 14</i> )	<b>(2,570)</b>	(1,663)
Loss on deregistration of a subsidiary ( <i>Note a</i> )	<b>(956)</b>	–
Net unrealised gain on investments held for trading	<b>789</b>	–
Impairment loss on other receivables ( <i>Note b</i> )	<b>(2,778)</b>	–
Impairment loss on available-for-sale investments	<b>(50)</b>	(109)
Reversal of impairment loss on accounts receivable, net	<b>55</b>	2,016
Loss on disposal of other intangible assets	–	(301)
Gain (loss) on disposal/write-off of property and equipment	<b>12</b>	(16)
Net exchange (loss) gain	<b>(11)</b>	31
	<hr/> <b>4,262</b> <hr/>	<hr/> (18,065) <hr/>

### *Notes:*

- (a) VC Capital (Shenzhen) Limited (the “deregistered entity”), a wholly owned subsidiary of the Group, which was engaged in the provision of consultancy services in the PRC, was deregistered in December 2014. The loss on deregistration represented the exchange reserve amounting to approximately HK\$956,000 arisen from the assets and liabilities of the deregistered entity when they were translated into the presentation currency of the Group, which was reclassified to profit or loss for the year ended 31 December 2014. No other profit or loss and cash flow effects resulted as the deregistered entity had no assets or liabilities at the date of deregistration.
- (b) For the year ended 31 December 2014, the Group recognised an impairment loss of approximately HK\$2,778,000 on the loan (included in other receivables) to an investee which was classified as available-for-sale investments.

## 8. LOSS FOR THE YEAR

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Included in other operating expenses:		
Auditors' remuneration	<b>1,033</b>	1,006
Operating leases in respect of land and buildings	<b>7,762</b>	8,961
	<hr/> <b>8,795</b> <hr/>	<hr/> 10,000 <hr/>

## 9. INCOME TAX EXPENSE/CREDIT

The amount of tax charged/credited to the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	<b>223</b>	–
Overprovision in respect of prior year		
PRC Enterprise Income Tax ( <i>Note</i> )	–	(1,249)
	<u><b>223</b></u>	<u>(1,249)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

*Note:* During the year ended 31 December 2013, there was a reversal of tax provision of approximately HK\$1,224,000 provided by the PRC subsidiary in prior year in respect of an intercompany balance waived by another group entity as it was concluded that the waived intercompany balance was not taxable under the PRC Enterprise Income Tax.

## 10. DIVIDENDS

No dividends have been paid or declared or proposed by the Company during the year ended 31 December 2014 (2013: Nil).

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share		
(Loss for the year attributable to the owners of the Company)	<u><b>(8,303)</b></u>	<u>(40,741)</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes		
of basic and diluted loss per share	<u><b>414,073</b></u>	<u>408,327</u>

The diluted loss per share for 2014 and 2013 are computed excluding the effects of share options and warrants as the exercise of the Company's share options and warrants are anti-dilutive.

## 12. PROPERTY AND EQUIPMENT

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying value, beginning of year	<b>4,028</b>	1,778
Additions	<b>193</b>	3,594
Depreciation	<b>(1,634)</b>	(1,326)
Written off/Disposal	–	(18)
	<hr/>	<hr/>
Carrying value, end of year	<b>2,587</b>	4,028
	<hr/>	<hr/>

## 13. CONVERTIBLE BOND RECEIVABLE

On 3 July 2013, the Company had subscribed a non-listed Hong Kong dollar denominated convertible bond of a principal amount of HK\$20,000,000 issued by a company listed on the Stock Exchange. The convertible bond carries an interest at 8% per annum and will mature in July 2015. The convertible bond is convertible into ordinary shares of the issuer at a conversion price of HK\$0.79 per share (which was adjusted to HK\$0.65 per share from 23 January 2015) at any time from the day immediately following three months after the issue date up to the maturity date. As at 31 December 2014, the convertible bond had not been converted.

The convertible bond is split between the loan portion and equity conversion option. Subsequent to the initial recognition, the loan portion of the convertible bond was carried at amortised cost. The effective interest rate was 22.23% per annum.

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loan portion		
Carrying amount at end of the year	<b>18,833</b>	16,717
	<hr/>	<hr/>
Analysed for reporting purpose as:		
Current assets	<b>18,833</b>	–
Non-current assets	–	16,717
	<hr/>	<hr/>
	<b>18,833</b>	16,717
	<hr/>	<hr/>

#### 14. DERIVATIVE FINANCIAL ASSET

The convertible bond as disclosed in Note 13 includes embedded equity conversion option. The embedded derivative is separated from the convertible bond and accounted for as derivative financial asset in the consolidated statement of financial position. The derivative financial asset is measured at fair value with changes in fair value recognised in profit or loss.

The fair value of the embedded derivative is determined using the Binomial pricing model in accordance with a valuation report prepared by an independent professional valuer. The inputs into the model were as follows:

	<b>31 December 2014</b>	31 December 2013
Spot price of the underlying share	<b>HK\$0.226</b>	HK\$0.61
Conversion price	<b>HK\$0.79</b>	HK\$0.79
Risk free rate	<b>0.061%</b>	0.263%
Expected volatility	<b>56.76%</b>	48.68%

Risk free rate was determined with reference to yield of 0.51 year and 1.51 years Hong Kong Exchange Fund Notes as at the valuation dates of 31 December 2014 and 31 December 2013 respectively. Expected volatility was determined by reference to the historical volatility of the share price of the comparable companies over the previous 1 year and 1.51 years respectively.

The movement of the fair value of the embedded derivative for the year is as below:

	<i>HK\$'000</i>
Balance at date of subscription	4,233
Fair value change recognised in profit or loss	(1,663)
	<hr/>
Balance at 31 December 2013	2,570
Fair value change recognised in profit or loss	(2,570)
	<hr/>
Balance at 31 December 2014	<u>–</u>

## 15. ACCOUNTS RECEIVABLE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of dealing in:		
Securities transactions:		
Clearing house and brokers ( <i>Note a</i> )	40,847	5,392
Cash clients ( <i>Note b</i> )	25,420	61,547
Margin clients ( <i>Note c</i> )	232,799	233,550
Futures and options contracts transactions:		
Clearing house	10	–
Accounts receivable arising from the ordinary course of business of provision of corporate financial advisory, placing and underwriting services ( <i>Note d</i> )	709	524
Accounts receivable arising from the ordinary course of business of money lending services ( <i>Note e</i> )	20,170	60,569
	<u>319,955</u>	<u>361,582</u>

The Group has established policies and procedures to assess the potential clients' credit quality and define credit limits for each client. All client acceptances and credit limits are approved by designated approvers according to the clients' credit worthiness. The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends either to settle on a net basis, or to realise the balances simultaneously.

The credit quality of accounts receivable are summarised as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	317,733	349,250
Past due but not impaired ( <i>Note f</i> )	2,222	12,245
Impaired	–	145
	<u>319,955</u>	<u>361,640</u>
Less: Allowance for impairment ( <i>Note g</i> )	–	(58)
	<u>319,955</u>	<u>361,582</u>

The management is satisfied with the credit quality of the accounts receivable that are neither past due nor impaired, and the fair values of the securities collateral held by the Group for these balances are generally over the relevant carrying amounts.

The settlement terms of accounts receivable arising from the ordinary course of business of dealing in securities transactions are two trading days after the trade date, and accounts receivable arising from the ordinary course of business of dealing in futures and options contracts transactions are one trading date after the trade date. In general, accounts receivable due from margin clients are included in “Neither past due nor impaired” category as these accounts have no specific due date.

In respect of the accounts receivable arising from the ordinary course of business of dealing in securities, futures and options transactions, except for those amounts due from margin clients, the aging analysis based on the trade date is as follows:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>64,455</b>	54,611
31 – 90 days	<b>111</b>	10,492
Over 90 days	<b>1,711</b>	1,836
	<hr/> <b>66,277</b> <hr/>	<hr/> 66,939 <hr/>

As at 31 December 2014, accounts receivable of approximately HK\$720,000 (2013: HK\$255,000) was due from directors of the Group and close family members of these directors in respect of transactions in securities undertaken for their accounts.

*Notes:*

- (a) Accounts receivable due from brokers bear interest at commercial rates.
- (b) As at 31 December 2014, accounts receivable due from cash clients were secured by the clients’ pledged listed securities which carried a fair value of approximately HK\$299,030,000 (2013: HK\$487,703,000) in relation to the receivables of approximately HK\$25,420,000 (2013: HK\$61,461,000) that were not impaired. As at 31 December 2014, no accounts receivable due from cash clients were impaired. As at 31 December 2013, accounts receivable of approximately HK\$116,000 were impaired, which were secured by the clients’ pledged listed securities with a fair value of approximately HK\$78,000.

No such collateral held can be repledged by the Group and the corresponding collateral held can be sold at the Group’s discretion to settle any past due outstanding amounts of the cash clients. Cash clients’ receivables which are past due bear interest at commercial rates.

- (c) As at 31 December 2014, accounts receivable due from margin clients were secured by the clients’ pledged listed securities which carried a fair value of approximately HK\$934,088,000 (2013: HK\$1,118,082,000) in relation to the receivables of approximately HK\$232,799,000 (2013: HK\$233,549,000) that were not impaired. As at 31 December 2014, no accounts receivable due from margin clients were impaired. As at 31 December 2013, accounts receivable of approximately HK\$29,000 were impaired, which were secured by the clients’ pledged listed securities with a fair value of approximately HK\$1,000.

Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of the securities deposited. The collateral held can be repledged up to 140% of the margin receivable amounts and the corresponding collateral held can be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients. Margin clients' receivables are repayable on demand and bear interest at commercial rates.

- (d) The settlement terms of accounts receivable arising from the ordinary course of business of provision of corporate financial advisory, placing and underwriting services are due immediately from date of billing but the Group will grant a normal credit period of 30 days on average to its clients. The aging analysis of these receivables based on the invoice date is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	<b>309</b>	524
31 – 90 days	<b>400</b>	–
	<b>709</b>	524

- (e) As at 31 December 2014, accounts receivable arising from the ordinary course of business of money lending services were secured and bear fixed-rate interest at 1.7% (2013: range of 1%-1.5%) per month. The accounts receivable as at 31 December 2014 had remaining contractual maturity date falling within one year and were secured by the corporate guarantee provided by the client's holding company. As at 31 December 2013, the accounts receivable were secured by the client's pledged non-listed debt securities or the corporate guarantee provided by the clients' holding company. The management was satisfied with the credit quality of the accounts receivable.

- (f) Included in the "Past due but not impaired" category are accounts receivable due from clients which were past due at the end of the reporting period for which the Group had not provided for any impairment loss. The aging analysis based on the trade/invoice dates is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
31 – 90 days	<b>511</b>	10,495
Over 90 days	<b>1,711</b>	1,750
	<b>2,222</b>	12,245

As at 31 December 2014, these receivables included cash clients' receivables of approximately HK\$1,822,000 (2013: HK\$12,242,000). No impairment loss had been provided as the fair values of the securities collateral held by the Group for these balances were generally in excess to the relevant carrying amounts.

As at 31 December 2014, the remaining balance of accounts receivable of approximately HK\$400,000 were receivables arising from the corporate financial advisory services (2013: HK\$3,000 arising from the money lending services). The Group had not provided for any impairment loss as the management was satisfied with the credit quality of the clients.

- (g) The Group has the policy for allowance for impairment, which is principally based on the evaluation of collectability and aging analysis of accounts, and also on the management's judgement from different aspects including the creditworthiness, collateral and the past collection history of each client.

Movements in the allowance for impairment in the reporting period are as follows:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year	<b>58</b>	4,643
Reversal of impairment loss, net	<b>(55)</b>	(2,016)
Amounts written off as uncollectible	<b>(3)</b>	(2,569)
	<hr/>	<hr/>
Balance at end of the year	<b>–</b>	<b>58</b>
	<hr/>	<hr/>

In determining the recoverability of these accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date on which the credit was initially granted up to the end of the reporting date and also the fair values of the collateral held.

## 16. BANK BALANCES AND CASH

The amounts comprise cash and short-term bank deposits held by the Group at market interest rates ranging from 0.001% to 1.36% (2013: 0.001% to 1.24%) per annum with an original maturity of three months or less.

In the course of the conduct of the regulated activities of its ordinary business, VC Brokerage Limited, VC Futures Limited and VC Capital Limited act as trustees that result in the holding of clients' monies on behalf of clients and other institutions. These assets are not assets of the Group and, therefore, are not included in its consolidated statement of financial position. As at 31 December 2014, the Group maintained segregated accounts at one clearing house of approximately HK\$1,661,000 (2013: HK\$1,299,000) and at other authorised institutions of approximately HK\$186,339,000 (2013: HK\$213,833,000) in conjunction with its securities, futures and options brokering and dealing business, and corporate financial advisory business as a result of the normal business transactions, which are not otherwise dealt with in the consolidated financial statements.



**17. INVESTMENTS HELD FOR TRADING**

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at market value	<b>10,500</b>	–

**18. ACCOUNTS PAYABLE**

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts payable arising from the ordinary course of business of dealing in securities transactions (Notes a and b):		
Clearing house	–	33,675
Cash clients	<b>68,293</b>	21,223
Margin clients	<b>2,358</b>	2,010
	<b>70,651</b>	56,908

Notes:

- (a) The settlement terms of accounts payable arising from the ordinary course of business of dealing in securities transactions are usually two trading days after the trade date. In the opinion of the Directors of the Company, no aging analysis is disclosed as it is not meaningful in view of the fact that all these accounts payable are promptly settled two trading days after the trade date.
- (b) As at 31 December 2014, accounts payable of approximately HK\$440,000 (2013: HK\$2,045,000) was due to directors of the Group and close family members of these directors in respect of transactions in securities undertaken for their accounts.

**19. SHORT-TERM BANK BORROWINGS**

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Secured	<b>40,000</b>	–

The short-term bank borrowings were secured by the pledged bank deposits and bore an interest rate at HIBOR plus 2% per annum as at 31 December 2014.

**20. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS**

On 2 August 2013, the Company placed and issued 80,000,000 non-listed warrants at an issue price of HK\$0.02 per warrant. Each warrant carries the right to subscribe for one ordinary share of the Company at the subscription price of HK\$1.20, which can be exercised at any time during a period of 24 months commencing from the date of issue of the warrants.

The warrants are classified as financial liability at fair value through profit or loss and are measured at fair value with changes in fair value recognised in profit or loss.

The fair value of the warrants was calculated using the Binomial pricing model in accordance with a valuation report prepared by an independent professional valuer. The parameters were as follows:

	<b>31 December 2014</b>	31 December 2013
Spot price of the Company	<b>HK\$1.06</b>	HK\$1.15
Risk free rate	<b>0.074%</b>	0.273%
Expected volatility	<b>53.909%</b>	46.018%
Dividend yield	<b>0%</b>	0%
Warrant life	<b>0.58 year</b>	1.58 years

Risk free rate was determined with reference to yield of 0.58 year and 1.58 years Hong Kong Exchange Fund Notes as at the valuation dates of 31 December 2014 and 31 December 2013 respectively. Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year and 1.58 years respectively.

The movement of the fair value of the warrants for the year is as below:

	<i>HK\$'000</i>
Balance at date of issue	1,600
Fair value change recognised to profit or loss	18,023
	<hr/>
Balance at 31 December 2013	19,623
Fair value change recognised to profit or loss	(9,771)
	<hr/>
Balance at 31 December 2014	<u>9,852</u>

## 21. SHARE CAPITAL

	<b>Authorised Ordinary shares</b>	
	<b>Number of shares</b>	<b>Amount <i>HK\$'000</i></b>
At 1 January 2013 and 31 December 2013	<u>10,000,000,000</u>	<u>1,000,000</u>
At 31 December 2014	<u>N/A (Note)</u>	<u>N/A (Note)</u>

	<b>Issued and fully paid Ordinary shares</b>	
	<b>Number of shares</b>	<b>Amount HK\$'000</b>
At 1 January 2013	405,924,829	40,592
Exercise of share options	5,882,000	589
At 31 December 2013	411,806,829	41,181
Transfer from share premium upon abolition of par value under the new Hong Kong Companies Ordinance ( <i>Note</i> )	–	438,855
Exercise of share options	6,360,000	6,638
At 31 December 2014	418,166,829	486,674

*Note:* Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transaction.

In accordance with the transitional provisions set out in section 37 of schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital. The share premium account of the Group included an amount of HK\$2,423,000 in respect of an intra-group transaction eliminated at consolidation in prior years.

## **22. FINANCIAL GUARANTEE**

As at 31 December 2014, the Company had given financial guarantee to a bank in respect of banking facilities provided to a subsidiary, VC Brokerage Limited, amounting to HK\$130 million (2013: HK\$130 million). As at 31 December 2014, HK\$40 million banking facilities was utilised by VC Brokerage Limited (2013: Nil). The fair value of the financial guarantee contracts is immaterial.

## **23. EVENT AFTER THE REPORTING PERIOD**

On 18 December 2014, the Company entered into a placing agreement with a placing agent whereby the Company agreed to place, through the placing agent, on a best effort basis, up to an aggregate of 82,600,000 new shares to not less than six places at a price of HK\$0.98 per placing share, which represented approximately 19.75% of the aggregated number of the issued ordinary shares of the Company as at 31 December 2014; and approximately 16.49% of the aggregated number of the issued ordinary shares of the Company as enlarged by the issue of the 82,600,000 placing shares. The placement had been completed on 21 January 2015 and a total of 82,600,000 new shares were issued providing the aggregate gross proceeds of approximately HK\$80.9 million to the Company. The Company intends to use the net proceeds of approximately HK\$79.7 million from the placing for (i) general working capital of the Group; (ii) expanding the margin financing and money lending business; and (iii) possible investment in the future when opportunities arise.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

For the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Company is committed to achieving and maintaining a high standard of corporate governance so as to ensure better transparency and protection of shareholders' interests. The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") for the year ended 31 December 2014, which were contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, with the deviations mentioned below:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive of a listed company should be separate and should not be performed by the same individual. Since Dr. Lee Jun Sing, the former Chairman of the Board, retired during the 2012 annual general meeting of the Company held on 24 May 2012, the office of the Chairman of the Board has been vacant. Mr. Tin Ka Pak, Timmy, Chief Executive Officer of the Company, has taken up the roles and functions of the Chairman.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. All the non-executive directors of the Company are not appointed for specific term. However, under the article 92 of the Articles of Association of the Company, all Directors, including non-executive directors, of the Company are subject to retirement by rotation and re-election in the annual general meeting of the Company and each Director is effectively appointed under an average term of three years. The Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive directors have given the Company's shareholders the right to approve continuation of non-executive directors' offices.

The Company has set up the following board committees to ensure maintenance of a high corporate governance standard:

- a. Executive Committee;
- b. Audit Committee;
- c. Remuneration Committee;
- d. Nomination Committee;
- e. Finance Committee; and
- f. Regulatory Compliance Committee.

The terms of reference of all the aforesaid board committees have been posted on the Company's website under the section "Corporate Governance".

### **PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION**

The Board proposes to adopt a new set of articles of association (the "New Articles of Association") in order to bring the existing articles of association of the Company in line with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the latest version of the Listing Rules, as well as certain housekeeping amendments.

The proposed adoption of the New Articles of Association is subject to the approval of the shareholders of the Company by way of special resolution at the annual general meeting to be held in June 2015. A circular containing, among other things, details relating to the major changes introduced by the New Articles of Association, will be despatched to the shareholders of the Company together with the Company's annual report for the year ended 31 December 2014 (the "2014 Annual Report").

### **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial positions, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company's Audit Committee is composed of three independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin (Chairman), Mr. Ip Chun Chung, Robert and Mr. Wong Kam Choi, Kerry. The primary duties of the Audit Committee are to (i) review the Group's annual reports, financial statements, interim reports and to provide advice and comments thereon to the board of directors of the Company; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee has reviewed the Group's audited consolidated financial statements and results for the year ended 31 December 2014 and satisfied that these have been prepared in accordance with the applicable accounting standards and fairly present the Group's financial positions and results for the year ended 31 December 2014.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.vcgroup.com.hk](http://www.vcgroup.com.hk). The Company's 2014 Annual Report will be available at the same websites and will be dispatched to the Company's shareholders in due course.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for the year 2015 will be held in June 2015. A notice convening this annual general meeting will be issued to the shareholders of the Company together with the 2014 Annual Report in due course, which will also be available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.vcgroup.com.hk](http://www.vcgroup.com.hk).

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. Chau King Fai, Philip, Mr. Cheng Tze Kit, Larry (Chief Investment Officer) and Ms. So Wai Yee, Betty (Chief Financial Officer); one Non-executive Director, Mr. Chung Chi Shing, Eric; and three Independent Non-executive Directors, namely, Mr. Ip Chun Chung, Robert, Mr. Wong Chung Kin, Quentin and Mr. Wong Kam Choi, Kerry.

By Order of the Board of  
**Value Convergence Holdings Limited**  
**Tin Ka Pak, Timmy**  
*Chief Executive Officer and Executive Director*

Hong Kong  
26 March 2015