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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

DISCLOSEABLE TRANSACTION PROVISION OF LOAN

BACKGROUND OF THE LOAN

On 26 June 2019, the Loan Agreement was entered into between the Lender and the Client, pursuant to which the Client applied to the Lender for the grant of a loan in the principal amount of HK\$11 million (the “**Principal Amount**”) and the Lender agreed to grant the loan to the Client for a term of six months with interest rate of 1.50% per month and the loan was drawn down on the same day.

On 5 July 2019, the Supplemental Loan Agreement was entered into between the Lender and the Client, pursuant to which the Client requested the Lender to grant a stand-by loan facility in the principal amount of not more than HK\$6 million (the “**Further Principal Amount**”). The interest would accrue on the Further Principal Amount at the rate of 1.50% per month. The Client further requested the Lender to (i) extend the time for repayment of the Principal Amount and all interest accrued thereon to the New Repayment Date, and (ii) to waive the requirement that interest accrued on the Principal Amount to be payable monthly, and revise the schedule for payment of interest such that all interest accrued on the Principal Amount would be repaid and discharged together with the Principal Amount on the New Repayment Date. Pursuant to the Supplemental Loan Agreement, the Client drew down HK\$4 million and HK\$2 million on 20 August 2019 and 27 August 2019 respectively.

On 25 February 2020, the Second Supplemental Loan Agreement was entered into between the Lender and the Client, pursuant to which the Client requested the Lender to extend the time for repayment and discharge of the Total Principal Amount to 29 April 2020 (the “**Extension**”, and the period of, and covered by, the Extension commencing from the New Repayment Date to 29 April 2020 (both day inclusive), the “**Extended Period**”), and the Lender agreed to grant the Extension on the terms and conditions as set out in the Second Supplemental Loan Agreement. As at the date of this announcement, the Client had settled and discharged the Outstanding Interest and it would have until the expiration of the Extended Period to repay and discharge the Total Principal Amount and all interest accrued during the Extended Period in the sum of HK\$536,673 (the “**Extended Period Interest**”).

THE THIRD SUPPLEMENTAL LOAN AGREEMENT

On 29 April 2020 (after trading hours), the Third Supplemental Loan Agreement was entered into between the Lender and the Client, pursuant to which the Client requested the Lender to extend the time for repayment and discharge of the Total Principal Amount to 29 October 2020 (the “**Second Extension**”, and the period of, and covered by, the Second Extension, the “**Second Extended Period**”), and the Lender agreed to grant the Second Extension on the terms and conditions as set out in the Third Supplemental Loan Agreement. The Second Extension shall be conditional on the Client having settled and discharged the Extended Period Interest by close of business on 5 May 2020. The Client shall have until the expiration of the Second Extended Period to repay and discharge the Total Principal Amount and all interest accrued and to be accrued thereon during the Second Extended Period in the sum of HK\$1,530,000 (the “**Second Extended Period Interest**”).

LISTING RULES IMPLICATIONS

As the Agreements were entered into by the Company with the same party and the interest accrued thereon cover the 12-month period, according to Rule 14.22 of the Listing Rules, the transactions thereunder shall be aggregated as a series of transactions. Upon execution of the Third Supplemental Agreement and with respect to the annualised interest income pursuant to the aggregation of the Agreements, one or more of the applicable percentage ratios under the Rule 14.07 of the Listing Rules exceeds 5% but are less than 25%. Therefore, the provision of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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THE PRINCIPAL TERMS OF THE LOAN

Lender:	VC Finance Limited, an indirect wholly-owned subsidiary of the Company
Borrower:	the Client
Total Principal Amount:	HK\$17 million
Interest rate:	1.50% per month
Repayment date:	29 October 2020
Repayment:	The Client shall repay and discharge the entire Total Principal Amount and the Second Extended Period Interest on 29 October 2020.
Security:	<ul style="list-style-type: none">(a) all dividends or interest (if any) paid or payable after the date of the Share Mortgage in respect of the Charged Shares;(b) all rights, monies or other property accruing or offered at any time by way of redemption, substitution, bonus, preference, option or otherwise to or in respect of any of the Charged Shares;(c) all allotments, accretions, offers, rights, benefits and advantages whatsoever at any time accruing, made, offered or arising in respect of any of the Charged Shares and all further shares issued in connection therewith and subsequent thereto and in respect of which the Client obtain title; and(d) any shares or stocks in publicly listed companies which the Client subsequently deposits into the Charged Account whether or not at the request of the Lender.

FUNDING OF THE LOAN

The Loan was funded by the internal resources of the Group.

INFORMATION ON THE CLIENT

The Client is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in the business of provision of financial services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Client and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as at the date of this announcement.

INFORMATION ON THE GROUP

The Company and its subsidiaries are principally engaged in the provision of financial services and proprietary trading. The Lender is an indirect wholly-owned subsidiary of the Company and is a licensed money lender. It is principally engaged in the business of money lending in Hong Kong.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

In view of the principal business of the Lender, provision of the Loan to the Client is in the ordinary course of business of the Lender.

The terms of the Agreements were negotiated on an arm's length basis between the Lender and the Client with reference to the credit policy of the Lender and the prevailing market interest rate. The Loan also generates a stable revenue and cash flow stream to the Group from the interest income. The Directors are of the view that the terms of the Agreements and the entering into the Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Agreements were entered into by the Company with the same party and the interest accrued thereon cover the 12-month period, according to Rule 14.22 of the Listing Rules, the transactions thereunder shall be aggregated as a series of transactions. Upon execution of the Third Supplemental Agreement and with respect to the annualised interest income pursuant to the aggregation of the Agreements, one or more of the applicable percentage ratios under the Rule 14.07 of the Listing Rules exceeds 5% but are less than 25%. Therefore, the provision of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Agreements”	the Loan Agreement, the Supplemental Loan Agreement, the Second Supplemental Loan Agreement and the Third Supplemental Loan Agreement
“Board”	the board of Directors
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Charged Account”	the securities account opened and maintained by the Client with VC Brokerage Limited, an indirect wholly-owned subsidiary of the Company
“Charged Shares”	the portfolio of shares in publicly listed companies in Hong Kong as the Client has deposited in the Charged Account by the juncture of execution of the Share Mortgage, and any or any additional portfolio of shares in publicly listed companies deposited and/or to be deposited by the Client into the Charged Account from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Client”	Fu Lai Financial Group Limited, an independent third party to the Company and its connected persons save as disclosed in the section headed “INFORMATION ON THE CLIENT” of this announcement
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	VC Finance Limited, an indirect wholly-owned subsidiary of the Company, a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Loan”	the loans with the Total Principal Amount of HK\$17 million granted by the Lender to the Client pursuant to the Agreements
“Loan Agreement”	the loan agreement dated 26 June 2019 entered into between the Lender and the Client in respect of the loan with the Principal Amount
“New Repayment Date”	25 February 2020
“Outstanding Interest”	the entire amount of interest accrued on the Principal Amount from 26 June 2019 up to and including the New Repayment Date (both days inclusive) as well as the entire amount of interest accrued on the Further Principal Amount from 20 August 2019 up to and including the New Repayment Date (both days inclusive) in the aggregate sum of HK\$1,869,392
“Second Supplemental Loan Agreement”	the second supplemental loan agreement dated 25 February 2020 entered into between the Lender and the Client to further revise and supplement the Loan Agreement as revised and supplemented by the Supplemental Loan Agreement
“Share Mortgage”	the share mortgage dated 26 June 2019 executed by the Client to and in favour of the Lender over the Charged Account as security for the Client’s repayment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the supplemental loan agreement dated 5 July 2019 entered into between the Lender and the Client to revise and supplement the Loan Agreement so as to regulate and govern, amongst other matters, the granting and repayment of the stand-by loan facility in the principal amount of not more than HK\$6 million
“Third Supplemental Loan Agreement”	the third supplemental loan agreement dated 29 April 2020 entered into between the Lender and the Client to further revise and supplement the Loan Agreement as revised and supplemented by the Supplemental Loan Agreement and the Second Supplemental Loan Agreement

“Total Principal Amount”	the entire Principal Amount and the entire Further Principal Amount, being HK\$17,000,000
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
Value Convergence Holdings Limited
Fu Yiu Man, Peter
Chairman & Executive Director

Hong Kong, 29 April 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Fu Yiu Man, Peter (Chairman), Mr. Tin Ka Pak, Timmy and Mr. Lin Hoi Kwong, Aristo; and three independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Wong Kam Choi, Kerry, MH and Mr. Siu Miu Man, Simon, MH.