VC GROUP
滙盈集團

Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)
Website: http://www.vcgroup.com.hk
(Stock Code: 821)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "Board") of directors (the "Directors") of Value Convergence Holdings Limited (the "Company") submits the unaudited condensed consolidated results of the Company and its subsidiaries (collectively "VC Group" or the "Group") for the six months ended 30 June 2020, together with the unaudited comparative figures of the corresponding period in 2019.

FINANCIAL HIGHLIGHTS

The Group's consolidated revenue for the six months ended 30 June 2020 amounted to approximately HK$27.9 million, which increased by about 29.8% as compared with approximately HK$21.5 million for the same period in 2019.

The Group recorded a consolidated loss attributable to shareholders amounted to approximately HK$54.8 million for the six months ended 30 June 2020 against a loss of approximately HK$68.3 million for the same period in 2019, representing a decrease of about 19.8%.

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 (i) provision of financial services comprising securities, futures and options brokering and dealing, financing services, corporate finance and other advisory services, asset management and insurance brokerage; and (ii) proprietary trading.

BUSINESS REVIEW

General

Despite China and the United States formally signed phase one of a trade agreement in January 2020, coronavirus epidemic ("COVID-19") that broke out in early this year and subsequently evolved into a global pandemic has prompted countries to adopt travel restrictions and other isolation policies such as "lockdown", causing unprecedented impact on the global economy.

Mainland China has implemented a series of anti-epidemic measurements, including extended the Lunar New Year holidays nationwide and imposed certain degrees of restrictions on travel and transportation, even lockdown several cities, which in turn posed downward pressure on the economy. China reported its first quarter Gross Domestic Product contracted by 6.8% in 2020 from a year ago as the country battled coronavirus.

Due to the US-China trade war and COVID-19, weak economic data is expected to turn capital market sentiment into a negative. Worldwide stock markets have considerably become more volatile, with the US markets triggered circuit breakers several times in March, and US oil price has turned negative for the first time in history. Demand for oil has all but dried up as lockdowns across the world have kept people inside, market players fear that storage capacity could run out in May.

Compounded by the social movements carried forward from last year, together with the prevention and control measures to cope with COVID-19, every sector of the Hong Kong economy has been heavily affected. Hong Kong stocks have been under repeated pressure, and the Hang Seng Index slumped from its intraday high of 29,174 on 20 January 2020 to its intraday low of 21,139 on 19 March 2020, falling back to 2016 levels. Hong Kong's stock market sentiment was inevitably affected. According to the statistics of Hong Kong Exchanges and Clearing Limited, average daily transaction volume for the year was approximately HK$92.24 billion, representing a decrease of approximately 4.1% from approximately HK$96.23 billion for the corresponding period of last year.

Notwithstanding the rapid spread of the epidemic, The Hong Kong Stock Exchange (the "Stock Exchange") welcomed 64 new stocks and 59 IPOs in the first half of 2020, including those listed on its Main Board and the GEM, which represented around 20% decrease as compare with the same period in 2019. While the total capital raised increased by 22% year-on-year to USD11.3 billion, thanks to the two secondary listings of internet giants JD.com, Inc. (Stock code: 09618) and NetEase, Inc. (Stock code: 09999).

The Stock Exchange had been a preferable choice for Chinese healthcare and biotechnology enterprises in the past two years as a loosening of regulation in 2018 opened the door for loss-making startups in the field to access fundraising. Since the new rules came into effect, the Stock Exchange has welcomed 28 healthcare and biotechnology companies, raising a total of USD10.7 billion. The bourse claimed to be the second-largest fundraising hub for biotech companies in the world. Biotechnology and healthcare attracted even greater investment attention in the first half of 2020 worldwide, boosted by the COVID-19 pandemic.

While the financial-oriented business makes the Group particularly sensitive to fluctuating economic conditions and investors' sentiments, our fundamental strategy is firmly anchored and our core focus remains on developing and fortifying the Group's core businesses in provision of financial services including (i) securities, futures and options brokering and dealing, and financing services (including local and overseas securities dealing, futures and options trading, derivatives and other structured products trading, placement and underwriting, margin financing and money lending, etc.); (ii) corporate finance and other advisory services (including mergers and acquisitions and company secretarial services to clients, etc.); (iii) asset management; and (iv) insurance brokerage; and proprietary trading. Indeed, the Group is committed to achieving long-term and balanced growth on the basis of solid financial capability and a pragmatic operating strategy, which helps capitalizing on any growth opportunities and thereon enhance our shareholders' value.

Establishment of a joint venture securities company in Guangxi

In July 2016, the Company announced that VC Brokerage Limited ("VC Brokerage"), an indirectly wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Joint Venture Agreement") with three independent third parties to establish a joint venture securities company in Guangxi, the PRC (the "PRC JV Company"). Subject to the approval by China Securities Regulatory Commission (the "CSRC"), the PRC JV Company is expected to be a full-licensed securities company permitted to provide securities brokerage, trading and investment advisory, underwriting, sponsorship and asset management services in the PRC. Pursuant to the Joint Venture Agreement, VC Brokerage will contribute RMB445 million (equivalent to approximately HK$483 million), representing 44.5% shareholding in the PRC JV Company.

The Company intended to finance the investment in the PRC JV Company by placing of convertible bonds in the aggregate principal amount of up to HK$850 million (the "Convertible Bonds") at an initial conversion price of HK$0.65 each pursuant to a placing agreement entered into at the same time. The aggregate net proceeds from placing of the Convertible Bonds will be approximately HK$829 million, which is intended to use for capital contribution to the PRC JV Company and the remaining balance is intended to use for expanding the Group's existing businesses and other possible investments in the future, when opportunities arise.

In June 2018, the Company was informed by Guangxi Financial Investment Group Company Limited (廣西金融投資集團有限公司) ("Guangxi Jintou"), who is responsible for liaising with CSRC for the formation of the PRC JV Company, partners of the PRC JV Company would be changed. Guangxi Railway Investment Group Co., Ltd. (廣西鐵路投資集團有限公司) ("Guangxi Railway") will replace Guangxi Hande Group Company Limited (廣西瀚德集團有限公司) and Beijing Heyuan Finance Equity Investment Centre (limited partnership) (北京合源融金股權投資中心(有限合夥)) as a new partner of the PRC JV Company. The amount of capital contribution and shareholding of VC Brokerage in the PRC JV Company remains unchanged.

As further informed by Guangxi Jintou in September 2018, Guangxi Communications Investment Group Co., Ltd. (廣西交通投資集團有限公司) will replace Guangxi Railway become one of the joint venture partners of the PRC JV Company. The amount of capital contribution and shareholding of VC Brokerage in the PRC JV Company still remains unchanged.

On 21 May 2019, being the expiry date of the extended placing period, the Company was unable to reach agreement with the placing agent to further extend the placing agreement for the Convertible Bonds period, the placing had lapsed on that date.

As at the date of this announcement, the Company and VC Brokerage have not yet obtained the approval and authorisation from the CSRC for establishment of the PRC JV Company. For details of the transaction please refer to the Company's announcements dated 24 July 2016, 20 September 2016, 26 October 2016, 18 November 2016, 17 January 2017, 29 March 2017, 28 June 2017, 20 September 2017, 12 October 2017, 12 January 2018, 27 March 2018, 27 June 2018, 20 July 2018, 28 August 2018, 6 September 2018, 28 November 2018 and 21 February 2019; and the Company's circulars dated 26 September 2016, 27 February 2017, 22 September 2017, 23 February 2018, 3 August 2018 and 31 January 2019.

Subscription agreement in relation to subscription for initial subscription shares and connected transaction – grant of option to subscribe for further subscription shares and convertible bonds

On 1 July 2019, the Company and Macarthur Court Acquisition Corp. (the "Subscriber") entered into a subscription agreement pursuant to which, the Company agreed to offer for subscription and the Subscriber (i) agreed to subscribe for initial subscription shares at the initial subscription money of HK$99,000,000; and (ii) has the option but not the obligation to subscribe for further subscription shares at the further subscription money of HK$36,000,000 and convertible bonds at its aggregate principal amount of HK$99,000,000 within one year of completion of the initial subscription.

Subject to the terms and conditions of the subscription agreement, the Subscriber (or through its nominee(s)) shall subscribe for, and the Company shall allot and issue the 220,000,000 initial subscription shares to the Subscriber (or its nominee(s)) at the subscription price of HK$0.45 per subscription share. The 220,000,000 initial subscription shares represent approximately (i) 17.87% of the then issued share capital of the Company; and (ii) 15.16% of the then issued share capital of the Company as enlarged by the issue of the initial subscription shares.

Subject to the completion of initial subscription and the terms and conditions of the subscription agreement, the Subscriber (or through its nominee(s)) shall have the option but not the obligation to subscribe for further subscription shares at the subscription price and the convertible bonds at its aggregate principal amount within one year of completion of the initial subscription. The resulting conversion shares pursuant to conversion of the convertible bonds and the further subscription shares in aggregate represent approximately (i) 24.37% of the then issued share capital of the Company; and (ii) 19.60% of the then issued share capital of the Company as enlarged by the issue of the conversion shares upon full conversion of the convertible bonds and the further subscription shares.

The long stop date for the fulfilment or waiver of the conditions to the subscription agreement (the "Long Stop Date") was 30 September 2019. As additional time is required for the Company and the Subscriber to finalise the terms of the revised subscription and prepare the supplemental subscription agreement accordingly, the Company entered into an amendment deed in relation to the subscription agreement with the Subscriber on 26 September 2019 to extend the Long Stop Date to 31 December 2019.

Subsequently as disclosed on the Company's announcement dated 3 January 2020, the subscription agreement has lapsed and ceased to have any effect. For details of the transaction please refer to the Company's announcements dated 1 July 2019, 22 July 2019, 16 August 2019, 10 September 2019, 26 September 2019 and 3 January 2020.

Major transaction in relation to disposal of China Fortune convertible bonds

On 18 October 2017, it was announced that the Company, Pacific Alliance Limited ("PAL") and Mr. Yip Sum Yin and Mr. Chung Chi Shing, Eric as warrantors entered into a sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which the Company agreed to purchase, and PAL agreed to sell, the convertible bonds issued by China Fortune Financial Group Limited ("CFFG CB") with a principal amount of HK$153,585,000 convertible into 2,559,750,000 conversion shares issued by China Fortune Financial Group Limited ("CFFG Conversion Shares") at the initial conversion price of HK$0.06 per CFFG Conversion Share (subject to adjustments) for an aggregate consideration of HK$400,000,000. Also, pursuant to the Sale and Purchase Agreement, PAL granted to the Company a put option (the "Put Option") to require PAL to purchase from the Company the relevant convertible bonds ("Relevant Convertible Bonds"), to the extent of HK$76,792,500 (being 50% of the principal amount of the CFFG CB), at the put option price ("Put Option Price") of HK$200,000,000, which approximates the cost of acquisition of the Relevant Convertible Bonds by the Company under the Sale and Purchase Agreement, at any time during the put option period ("Put Option Period") on the condition set out in the Company's circular dated 7 December 2017.

On 24 January 2020, the Company announced that an agreement was entered into between the Company and PAL, pursuant to which the Company shall sell and transfer, as legal and beneficial owner, the Relevant Convertible Bonds to PAL and PAL shall purchase the Relevant Convertible Bonds pursuant to the Put Option free from all encumbrances and third party rights of any kind and together with all rights, including all rights to receive any and all redemption money and interest as well as other payments made or to be made by CFFG under and pursuant to the CFFG CB instrument ("CFFG CB Instrument").

The consideration ("Consideration"), equal to the Put Option Price, shall be HK$200,000,000. The Consideration shall be satisfied by PAL in accordance with the following time, mode and manner:

(a) PAL shall, forthwith upon the execution of the agreement, pay to the Company HK$15,000,000 as deposit, which shall be utilised for partial settlement of the consideration at completion;

(b) PAL shall pay to the Company an additional sum of HK$81,400,000 for further part payment of the Consideration at completion (the "Further Payment"), and this Further Payment shall be settled and discharged by the Company's utilising HK$81,400,000, being half of the amount (inclusive of the entire principal amount and all interest accrued thereon in accordance with the CFFG CB Instrument) remitted to the Company by CFFG for redemption of the CFFG CB on the maturity date (which falls on the same date as the completion date) to off-set against the Further Payment in entirety; and

(c) Balance of the Consideration in the sum of HK$103,600,000 shall be settled and discharged by PAL in cash in accordance with the schedule as disclosed in the Company's announcement dated 24 January 2020.

Details of the transaction is disclosed in the Company' announcements dated 24 January 2020, 18 February 2020, 3 March 2020, 19 March 2020, 14 April 2020 and the Company's circular dated 2 March 2020.

Acquisition of 20% equity interest in Speedy Billion Holdings Limited

On 28 February 2020, Filled Start Limited, an indirectly wholly owned subsidiary of the Company, completed an acquisition of 20% equity interest in Speedy Billion Holdings Limited ("Speedy Billion"), at a cash consideration of HK$360,000. Speedy Billion is engaged in the catering business under the brand "筷品會".

Memorandum of understanding for prospective investment

On 30 March 2020, Astral Wealth Limited ("Astral Wealth"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the "MOU") with Mr. Steven Nan Yang ("Mr. Yang"), pursuant to which both parties may have the cooperation in e-commerce and e-marketing technology sectors. Mr. Yang is engaged in e-commerce and e-technology sectors, having tremendous experience in launching e-commerce business platforms and rendering e-marketing technology services (the "e-Commerce Business").

The Company is desirous of developing in e-Commerce Business, and tentatively contemplates to, amongst other matters, (i) establish e-Commerce Business platform primarily serving corporate clients (including listed corporations); (ii) provide artificial intelligence ("AI") and data-driven interactive marketing services for corporate clients (including listed corporations); and (iii) develop tailor-made e-Commerce Business platform as well as AI and data-driven interactive marketing services for individual clients jointly with Mr. Yang as well as such other corporate entities as nominated, recommended, introduced or proposed by Mr. Yang (the "Contemplated Cooperation") and the corporate entities involved.

In furtherance of the Contemplated Cooperation, Astral Wealth may, inter alia, subscribe for shares or other derivatives in the Contemplated Cooperation, and the corporate entities involved and/or such other corporate entities set up and/or maintained for the Contemplated Cooperation (altogether, the "Target Companies"), grant or procure for the granting of loan facilities and/or providing other forms of financial support to such corporate entities, and promoting e-Commerce Business and enhancing the operating environment thereof in the Mainland China (the "Prospective Investment").

Pursuant to the MOU, Astral Wealth and Mr. Yang and the Target Companies concerned shall execute sale and purchase agreements, subscription agreements, cooperation agreements, joint venture agreements, derivative instruments and certificates and/or such other agreements or instruments material for or relevant to the conduct, implementation, completion, supervision, governing and/or effectuating the Contemplated Cooperation and the Prospective Investment (collectively, the "Formal Agreement(s)") on or before 29 April 2020 or such later date as agreed by Astral Wealth and Mr. Yang and the Target Companies concerned.

During the period between the execution of the MOU and the date of execution of the Formal Agreement(s) or 29 April 2020 or such later time as Astral Wealth and Mr. Yang may agree in writing, whichever shall be the latest (both days inclusive) (the "Exclusivity Period"), no party shall contact, negotiate or enter into any agreement with any third party on or in relation to any transaction resembling, similar to or identical with the Contemplated Cooperation and the Prospective Investment without the prior written consent of the other party.

On 29 April 2020, Astral Wealth and Mr. Yang entered into a supplemental MOU to the MOU (the "Supplemental MOU") to extend the Exclusivity Period to the latest of the date of execution of the Formal Agreement(s) or 31 July 2020 or such later time as the parties to the MOU may agree in writing.

On 31 July 2020, no Formal Agreements were concluded and the Contemplated Cooperation would not proceed.

Details of the transaction had been disclosed in the Company's announcement dated 30 March 2020 and 29 April 2020.

Placing of new shares under general mandate

On 30 March 2020, the Company entered into the placing agreement (the "Placing Agreement") with VC Brokerage Limited (the "Placing Agent"), an indirect wholly owned subsidiary of the Company, pursuant to which the Company was desirous of offering the placing shares (the "Placing Shares") free from any encumbrance whatsoever for subscription and appointed the Placing Agent on sole and exclusive basis to place and procure subscriptions for the Placing Shares on a best effort basis subject to the terms and conditions set out in the Placing Agreement. The Placing Agent shall procure not less than six placees to subscribe for up to 246,000,000 Placing Shares at a price of HK$0.28 per Placing Share. The maximum of 246,000,000 Placing Shares represent (i) approximately 19.98% of the aggregated number of the issued Shares as at the date of the Placing Agreement; and (ii) approximately 16.66% of the aggregated number of issued share of the Company as at the date of the Placing Agreement as enlarged by the issue of the 246,000,000 Placing Shares. Assuming all the Placing Shares are successfully placed by the Placing Agent, the aggregate gross proceeds from the Placing will be approximately HK$68.9 million and the Company intends to use the net proceeds of approximately HK$67.4 million from the Placing for developing the e-Commerce Business if the formal agreement(s) above materialise. Otherwise, the net proceeds will be used for general working capital of the Group or possible investment in the future when opportunities arise.

As one of the conditions precedent has not been fulfilled, the Placing Agreement (as supplemented by the supplemental placing agreement dated 8 April 2020) will not proceed.

Details of the transaction had been disclosed in the Company's announcements dated 30 March 2020, 8 April 2020 and 28 April 2020.

Disposal of entire holding of 30% equity interest in Telebox Technology Group Limited

On 20 March 2020, Initial Honour Limited ("Initial Honour"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Chen Yu Zhen, an independent third party, to dispose its entire holding of 30% equity interest in Telebox Technology Holdings Limited, at a cash consideration of HK$5,000,000. During the six months ended 30 June 2020, deposit of HK$1,000,000 was received.

Acquisition of 16% equity interest in China Bloom International Limited

On 7 May 2020, VC Capital Management Limited, a wholly owned subsidiary of the Company, entered into a memorandum of understanding with the Mr. Chan Leung, an independent third party, to acquire 16% equity interest in China Bloom International Limited ("China Bloom") at a cash consideration of HK$9,800,000. The principal asset of China Bloom consisted of a residential property in Hong Kong with market value of approximately HK$68 million. As at the date hereof, HK$7,000,000 had been paid as deposit.

Details of the Group's business performance of each operating segment for the six months ended 30 June 2020, together with the comparative figures of the corresponding period in 2019, are given in the section "FINANCIAL REVIEW" below.

OUTLOOK

Looking forward to the second half of this year, the epidemic will continue to be the crucial factor affecting the world economy. The timing of successfully develop a vaccine and cure for the disease will be the key to global economic development. Only after the epidemic is under effective control can the global supply chain be reopened and the real economy be restarted. After JD.com and NetEase conduct secondary listing in Hong Kong, around 40 companies may follow the same path with stock value of approximately USD543 billion. Listing exercise of these companies in Hong Kong will become the key engines to boost the total capitalization and stimulate the transaction volume of the Hong Kong stock market.

In spite of the epidemic, A-shares in mainland China outperformed other overseas stock markets, thereby stabilizing Hong Kong's stock market sentiment. It is believed that as the situation of the epidemic is expected to progressively improve in the third quarter. Once the epidemic is fully under control, Hong Kong will return to harmony and rebound faster than its neighbor countries, thanks to the city's high public consciousness of the epidemic and the high efficiency of its medical profession.

Nevertheless, IPOs and the secondary listings of China-related stocks in Hong Kong will be accelerated and foreign investment will return to Hong Kong. A blooming stock market will boost every industry and business, and the market will certainly bounce back.

Our business strategies continue to 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-rounded business position in Hong Kong and beyond. The Group will continue to explore the business opportunities in the PRC market. At the same time, the Group also keeps a firm grasp on the business opportunities with comparably positive growth and return in the local financial market and more resources will then be devoted.

FINANCIAL REVIEW

For the six months ended 30 June 2020, the Group's consolidated revenue was approximately HK$27.9 million, which increased by about 29.8% as compared with approximately HK$21.5 million during the same period in 2019. The Group recorded a consolidated loss attributable to shareholders amounted to approximately HK$54.8 million for the six months ended 30 June 2020 against a loss of approximately HK$68.3 million for the same period in 2019, representing a decrease of about 19.8%.

The decrease in the Group's consolidated loss attributable to shareholders for the six months ended 30 June 2020 was mainly due to (i) increase in revenue of approximately HK$6.4 million; (ii) decrease in net realised and unrealised loss on financial assets held for trading of approximately HK$7.3 million; (iii) decrease in other operating expenses of approximately HK$6.8 million; (iv) decrease in staff cost of approximately HK$2.6 million; and (v) partially offset by the increase in impairment loss on accounts receivables of approximately HK$9.7 million.

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

Revenue Analysis

	Six months ended 30 June 2020		Six months ended 30 June 2019		
		Proportion of total revenue		Proportion of total revenue	Increase (decrease)
	HK$'000	**%**	*HK$'000*	%	%
Revenue from:					
Brokerage and Financing	**22,769**	**82%**	16,123	75%	41%
Brokerage commission and other related fees	**5,033**	**19%**	6,203	29%	(19%)
Underwriting, sub-underwriting, placing and sub-placing commission	**1,001**	**4%**	560	3%	79%
Interest income from brokerage clients	**6,248**	**22%**	6,064	28%	3%
Interest income from money lending clients	**10,487**	**37%**	3,296	15%	218%
Corporate Finance and Other Advisory Services	**5,134**	**18%**	5,362	25%	(4%)
Asset Management	**–**	**–**	–	–	–
Insurance Brokerage	**–**	**–**	–	–	–
Proprietary Trading	**–**	**–**	–	–	–
Total revenue	**27,903**	**100%**	21,485	100%	30%

Segment Analysis

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Segment results:		
Brokerage and Financing	**(1,653)**	9,678
Corporate Finance and Other Advisory Services	**(403)**	(1,528)
Asset Management	**(924)**	(793)
Insurance Brokerage	**(319)**	(111)
Proprietary Trading	**(22,934)**	(31,677)
Group segment loss	**(26,233)**	(24,431)
Loss on disposal of financial assets at fair value through profit or loss	**(11,544)**	–
Fair value change on financial assets at fair value through profit or loss	**(3,658)**	(10,397)
Unallocated administrative costs	**(12,895)**	(32,855)
Share of loss of an associate	**(4)**	(10)
Loss before tax	**(54,334)**	(67,693)
Income tax expense	**(436)**	(636)
Loss for the period attributable to shareholders of the Company	**(54,770)**	(68,329)

Brokerage and Financing

During the six months ended 30 June 2020, the Company, through its indirect wholly owned subsidiaries, namely, VC Brokerage and VC Futures Limited, provides securities, futures and options brokering and dealing, margin financing, and placing and underwriting services. It also through an indirect wholly owned subsidiary, VC Finance Limited ("VC Finance"), provides money lending services. For the six months ended 30 June 2020, the brokerage and financing businesses recorded total revenue of approximately HK$22.8 million as compared with approximately HK$16.1 million for the same period last year, representing an increase of about 41%, and accounted for about 82% of the Group's total revenue.

The Group's one of the major revenue streams, namely, brokerage commission and other related fees from dealing in securities, futures and options contracts for the six months ended 30 June 2020 decreased to approximately HK$5.0 million from approximately HK$6.2 million for the same period last year, representing a decrease of about 19%, and accounted for about 19% of the Group's total revenue. The Group recorded a decrease in brokerage transactions for the first half of 2020 as the average daily trading turnover decreased by about 1% as compared to the same period last year.

Meanwhile, the Group's total interest income from financing for the six months ended 30 June 2020 increased by about 79% to approximately HK$16.7 million from approximately HK$9.4 million for the same period last year, and accounted for about 60% of the Group's total revenue. The revenue included interest income derived from both the brokerage business and the money lending business. Among these, the Group's interest income from our brokerage clients recorded approximately HK$6.2 million for the six months ended 30 June 2020, representing a slightly increase of about 3% as compared with the same period last year. The rise was mainly attributable to the increase of average loan portfolio of our brokerage clients by about 4% for the six months ended 30 June 2020 as compared with the same period last year.

As abovementioned, the Group also provides money lending services to our clients. This aims at broadening our revenue base and also offering our clients with more financial flexibility to meet their personal and business needs. The Group's interest income from money lending services was approximately HK$10.5 million for the six months ended 30 June 2020, representing a substantial rise of about 218% as compared with approximately HK$3.3 million during the same period last year. It was mainly due to the increase of average loan portfolio of the money lending business by about 111% for the six months ended 30 June 2020 as compared with the same period last year.

The Group has put efforts on implementing our credit control policies and procedures to review our clients' creditworthiness and credit limits from time to time so as to minimize our credit risk exposure. The Group's credit control policies and procedures are principally based on the doubtful unsecured exposure having assessed the fair value of the clients' collaterals held, the evaluation of collectability and aging analysis of the client accounts. As the local economy is volatile from time to time, the Group will take a much more cautious approach in provision of the financing services. For the six months ended 30 June 2020, there was an additional impairment loss of approximately HK$12.1 million on client receivables from the brokerage and financing businesses (31 December 2019: impairment loss of HK$7.0 million) in accordance with the Group's credit control policies and procedures. The Group will take all necessary legal actions against the relevant clients to follow up the settlement of the outstanding loans. Details of the impairment loss on the client receivables had been disclosed in Note 15 to the unaudited condensed consolidated financial statements.

Meanwhile, the Group offers placing and underwriting services to our clients, and acts as placing agent and underwriter for Hong Kong listed companies' fund raising activities. For the six months ended 30 June 2020, the Group recorded approximately HK$1.0 million placing and underwriting commission (six months ended 30 June 2019: HK$0.6 million). The Group will continue to put efforts to capture the opportunities towards the local initial public offerings and other fund raising exercises.

Overall, the operating performance of the brokerage and financing businesses for the six months ended 30 June 2020 recorded an operating loss after tax of approximately HK$2.3 million (excluded the fair value change on financial assets at fair value through profit or loss of approximately HK$3.7 million) against a profit of approximately HK$8.8 million for the same period last year.

Corporate Finance and Other Advisory Services

The Company through one of its indirect wholly owned subsidiary, VC Capital Limited ("VC Capital"), provides corporate finance advisory services to its clients. For the six months ended 30 June 2020, VC Capital was appointed as the financial adviser of several Hong Kong listed companies for a number of corporate transactions.

In addition, the Company through its indirect wholly owned subsidiary, VC Corporate Services Limited, provides corporate services, including company secretarial services, registered office and business services, etc., to listed and private companies.

Overall, the operating performance of the corporate finance and other advisory services business for the six months ended 30 June 2020 was close to that of the same period last year, which recorded revenue and operating loss after tax of approximately HK$5.1 million and HK$0.4 million as compared with approximately HK$5.4 million and loss of HK$1.5 million for the same period last year respectively.

Asset Management

For the six months ended 30 June 2020, the Company's asset management business, through its indirect wholly owned subsidiary, VC Asset Management Limited, recorded an operating loss after tax of approximately HK$0.9 million as compared with a loss of approximately HK$0.8 million for the same period last year, which mainly included the general operating expenses such as staff costs.

The Group continues to pursue new business opportunities and resources to develop its asset management business so as to enhance our products and services offerings to cater for the diverse and growing needs of our clients. In the past few years, the local capital market was volatile and full of uncertainties, which made the development of our asset management business still difficult. Nevertheless, the Group has continued to put efforts in approaching the potential clients so as to gain understanding of their needs, establish long-term business relationship with them and finally provide the personalized investment and wealth management services which can create greater value to them.

Insurance Brokerage

For the six months ended 30 June 2020, the Company's insurance brokerage business, through its indirectly wholly owned subsidiary, Experts Management Limited, recorded an operating loss after tax of approximately HK$0.3 million as compared with a loss of approximately HK$0.1 million for the same period last year, which mainly included the general operating expenses such as staff costs.

Proprietary Trading

As at 30 June 2020, the Group held equity securities listed in Hong Kong of approximately HK$165.9 million (31 December 2019: HK$162.1 million) as financial assets held-for-trading, which was stated at market value. The fair value of these listed equity securities represents about 21% of the Group's total assets as at 30 June 2020 (31 December 2019: 19%).

The Group invests mainly through purchases in the secondary market. The management follows strictly the internal securities investment policy and seeks the approval from the Board, when necessary, so as to enhance the financial returns to the shareholders and limit the risk exposure associated therewith. During the first half of 2020, there was net purchase of securities investment of approximately HK$29.3 million.

For the six months ended 30 June 2020 and 2019, no revenue was recorded for the proprietary trading business. Meanwhile, the Group recognised a net loss of approximately HK$22.2 million (including a realised loss of approximately HK$7.5 million and an unrealised loss of approximately HK$14.7 million) on the trading investments for the six months ended 30 June 2020 as compared with a net loss of approximately HK$29.5 million (including a realised loss of approximately HK$14.2 million and an unrealised loss of approximately HK$15.3 million) for the same period in 2019.

Below is an analysis of the financial assets held-for-trading held by the Group as at 30 June 2020:

Industries	**Market value as at 30 June 2020**	**Percentage to the Group's total assets**	**Unrealised gain (loss) for the six months ended 30 June 2020**
	HK$'000	*%*	*HK$'000*
Energy	24,538	3.2%	5,404
Information Technology	98,559	12.7%	(13,884)
Consumer goods and services	13,910	1.8%	(5,045)
Financials	20,169	2.6%	2,110
Industrials	8,722	1.1%	(3,240)
	165,898	21.4%	(14,655)

While the performance of different industries did vary, the Group cautiously envisages the investment portfolio and shall be determined to make any strategic moves.

Overall, the Group's proprietary trading business recorded an operating loss of approximately HK$22.9 million for the six months ended 30 June 2020 against loss of approximately HK$31.7 million for the same period last year.

Fair value change on financial assets at fair value through profit or loss

During the six months ended 30 June 2020, the fair value change on financial assets at fair value through profit or loss represents the change in fair value of the convertible bonds issued by Asia Energy Logistics Group Limited (the "Asia Energy Convertible Bonds") acquired by the Company in November 2019. For the six months ended 30 June 2020, the Group recognized the decrease of fair value of the Asia Energy Convertible Bonds of approximately HK$3.7 million.

During the six months ended 30 June 2019, the fair value change on financial assets at fair value through profit or loss represents the change in fair value of the convertible bonds issued by China Fortune Financial Group Limited (the "China Fortune Convertible Bonds") acquired by the Company in January 2018. Since the China Fortune Convertible Bonds were matured on 30 March 2020, no such fair value change was recorded during the six months ended 30 June 2020.

Unallocated administrative costs

For the six months ended 30 June 2020, the Group's unallocated administrative costs amounted to approximately HK$12.9 million as compared with approximately HK$32.9 million for the same period last year, which mainly included the unallocated corporate operating expenses. The substantial decrease in the unallocated administrative costs of approximately HK$20.0 million during the first half of 2020 was mainly attributable to (i) decrease in net intra-group loan expense; and (ii) the decrease of corporate operating expenses incurred for the Group's business development such as staff costs, entertainment and travel expenses.

Income tax expense/credit

During the six months ended 30 June 2020, the Group recognised an income tax expense of approximately HK$436,000 (six months ended 30 June 2019: HK$636,000) which included net current tax expense of approximately HK$638,000 for Hong Kong Profits Tax and deferred tax credit of approximately HK$202,000 (six months ended 30 June 2019: tax expense of HK$836,000 and deferred tax credit of HK$200,000).

Finance costs

For the six months ended 30 June 2020, the finance costs of the Group amounted to approximately HK$1.3 million as compared with approximately HK$2.0 million for the same period last year. The decrease of finance costs mainly due to the decrease of (i) imputed interests on convertible bonds issued by the Company; and (ii) imputed interest on lease liabilities pursuant to HKFRS 16.

Headcount and employees information

As at 30 June 2020, the Group employed a total of 59 employees (31 December 2019: 63), which excluded 15 self-employed account executives for brokerage services (31 December 2019: 16), and all of them were located in Hong Kong (31 December 2019: 62 in Hong Kong and 1 in PRC). Salaries and staff benefit costs (including the Directors' emoluments) and staff commission amounted to approximately HK$17.4 million and HK$1.7 million respectively for the six months ended 30 June 2020 as compared with approximately HK$20.5 million and HK$1.2 million respectively for the same period last year. Details had been disclosed in Note 6 to the unaudited condensed consolidated financial statements. The decrease in the salaries and staff benefits costs of approximately HK$3.1 million during the first half of 2020 was mainly attributable to decrease of the certain high-salary staff including directors during the period.

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, the Group also provides medical coverage, sales commission, discretionary and performance related bonus, discretionary share options and share awards to its employees. Meanwhile, employees are provided or funded to attend training and development programs which are relevant to their works.

Liquidity and financial resources/capital structure

For the six months ended 30 June 2020, the Group financed its business operations and investments mainly with internal resources and cash revenues generated from operating activities.

The Group adopts a prudent treasury policy. As at 30 June 2020, 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 30 June 2020.

As at 30 June 2020 and 31 December 2019, the Group did not maintain any banking facilities.

As at 30 June 2020, the Group's bank balances and cash, net current assets and shareholders' equity (other than clients' segregated accounts) amounted to approximately HK$50.1 million (31 December 2019: HK$70.8 million), HK$677.9 million (31 December 2019: HK$729.7 million) and HK$729.9 million (31 December 2019: HK$785.9 million) respectively, representing a decrease of about 29%, 7% and 7% respectively as compared with that of 31 December 2019. Current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of about 34 times as at 30 June 2020 (31 December 2019: 26 times). These showed that the Group still maintained a solid financial position as at 30 June 2020.

As at 30 June 2020, the total number of issued ordinary shares of the Company was 1,230,951,598 (31 December 2019: 1,230,951,598 shares).

Charges on group assets

The Group did not have any charged assets as at 30 June 2020 and 31 December 2019.

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 six months ended 30 June 2020, 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.

Contingent liabilities

As at 30 June 2020 and 31 December 2019, the Group did not have any significant contingent liabilities.

Save as the legal actions taken by the Group as mentioned in the section "*Brokerage and Financing*" above, so far as known to the Directors, there was no other litigation or claim of material importance in which the Group is engaged or pending or which was threatened against the Group.

Gearing ratio

As at 30 June 2020, the Group's gearing ratio, expressed as total borrowings (solely the bank borrowings, lease liabilities and liability portion of convertible bonds) over shareholders' equity, was approximately 0.04 time (31 December 2019: 0.05 time).

Significant investments held, their performance and future prospects

As at 30 June 2020, the Group's held the following significant investments:

18% interest in Hackett Enterprises Limited

As disclosed in 2019 Annual Report, Apex Treasure International Limited, the Company's indirect wholly owned subsidiary, was holding 18% of the entire issued share capital of Hackett Enterprises Limited ("Hackett Enterprises") at an acquisition consideration of HK$160,000,000. Hackett Enterprises and its subsidiaries are principally engaged in the provision of loan financing and financial consultancy services in the PRC and the provision of money lending services in Hong Kong. As at 30 June 2020, the value of the above interest in Hackett Enterprises was valued at approximately HK$47.1 million (31 December 2019: HK$47.1 million). The PRC money lending demands were found stagnant during the COVID-19 pandemic and the Group will continue to review the investment closely to formulate the best strategy on it.

Financial assets held-for-trading

Included in the financial assets held-for-trading as at 30 June 2020 was the Group's investment in 37,168,000 shares or approximately 8.99% of IBO Technology Company Limited (Stock Code: 2708) with fair value of approximately HK$91.8 million, which amounts to approximately 11.9% of the Group's total assets. The investment cost was approximately HK$46.0 million. Its share price has decreased by approximately 13% during the six months ended 30 June 2020. Given the turbulence in the capital market going forward, the Group will review its performance closely and take the most appropriate for the benefits of the shareholders of the Company.

Material acquisitions and disposal of subsidiaries, associates and joint ventures

Save as the acquisitions and disposals mentioned in the section of "BUSINESS REVIEW" above, the Group did not complete any material acquisition or disposals.

Future plans for material investments or capital assets and their expected sources of funding in the coming year

As at 30 June 2020, the Group had no other known plans with regard to material investments or capital assets and their expected sources of funding in the coming year except as disclosed in the "Events after reporting period" below. 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 by using its internal resources and/or different financing options available, whichever should be deemed appropriate.

Meanwhile, as at 30 June 2020, the Group did not have any significant commitments contracted but not provided for in respect of purchase of property and equipment.

Events after the reporting period

Placing of new shares under general mandate, placing of convertible bonds under specific mandate, entering into joint venture agreement and licence agreement with Vast Sea, LLC

On 24 July 2020, the Company entered into the share placing agreement (the "Share Placing Agreement") with VC Brokerage Limited (the "Placing Agent"), an indirectly wholly owned subsidiary of the Company, pursuant to which the Company was desirous of offering the placing shares (the "Placing Shares") free from any encumbrance whatsoever for subscription and appointed the Placing Agent on sole and exclusive basis to place and procure subscriptions for the Placing Shares on a best effort basis subject to the terms and conditions set out in the Share Placing Agreement. The Placing Agent shall procure not less than six Share Placing placees to subscribe for up to 246,000,000 Placing Shares at a price of HK$0.2 per Placing Share. The maximum of 246,000,000 Placing Shares represent (i) approximately 19.98% of the aggregated number of the issued Share as at the date of the Share Placing Agreement; and (ii) approximately

16.66% of the aggregated number of issued Shares as at the date of the Share Placing Agreement as enlarged by the issue of the 246,000,000 Placing Shares. Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Share Placing will be approximately HK$49.2 million and the Company intends to use the net proceeds of approximately HK$48.2 million from the Share Placing for (i) general working capital as to approximately HK$33,200,000, among which as to approximately HK$10,000,000 will be used for operating expenses including but not limited to rental and salary expenses, approximately HK$11,200,000 will be used for provision of margin loan and approximately HK$12,000,000 will be used for the money lending business of the Group; and (ii) possible business development in relation to the JV Agreement (defined below) and the License Agreement (defined below) as to approximately HK$15,000,000. On 25 August 2020, the Share Placing was completed and 246,000,000 new Shares were issued and allotted on that date.

On 24 July 2020, the Company entered into the Agreement ("CB Placing Agreement") for the placing of convertible bonds ("CB Placing") with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent had agreed to procure subscriptions for, the convertible bonds (the "Convertible Bonds") on a best effort basis on the terms and subject to the conditions set out in the CB Placing Agreement. The Placing Agent shall procure not less than six CB Placing placees to subscribe for the Convertible Bonds in the principal amount of up to HK$52,000,000. In the case of the conversion rights having been exercised in full at the initial conversion price of HK$0.2, a maximum of 260,000,000 new Shares to be allotted and issued by the Company, representing (i) approximately 21.12% of the aggregated number of the issued Share as at the date of the CB Placing Agreement; and (ii) approximately 17.44% of the aggregated number of issued Shares as at the date of the CB Placing Agreement as enlarged by the issue of 260,000,000 conversion shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds). Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the gross proceeds from the CB Placing will be approximately HK$52.0 million and the Company intends to use the net proceeds of approximately HK$50.2 million from the CB Placing for (i) general working capital as to approximately HK$35,200,000, among which as to approximately HK$11,200,000 will be used for provision of margin loan and approximately HK$24,000,000 will be used for money lending business of the Group; and (ii) possible business development in relation to the JV Agreement (defined below) and the License Agreement (defined below) as to approximately HK$15,000,000. As at the date hereof, the CB Placing was not yet completed.

On 17 July 2020, VC Global Investments Limited, a wholly owned subsidiary of the Company ("VC Global"), entered into the joint venture agreement (the "JV Agreement") with Vast Sea, LLC ("Vast Sea") and Success Health Global Limited, an indirect wholly own subsidiary of the Company ("Success Health"), pursuant to which VC Global, and Vast Sea have agreed to establish a joint venture vehicle, being Success Health, to carry on and conduct the business of relevant commercial application of an invention (the

"Invention"). The Invention is in relation to a formula for a dietary supplement (the "AVL-19") which contains a novel compound developed by Vast Sea (the "Core Ingredients"), Vitamins C, B6, B12, D3, Zinc, L-Arginine and N-Acetyl Cysteine, one delivery mechanism for which is a dissolvable tablet. Vast Sea believe that AVL-19 and the Core Ingredients have the potential to support the human immune system consistent with the benefits associated with dietary supplements. In June 2020, Vast Sea applied for and obtained a provisional patent registration from the United States Patent and Trademark Office with respect to the Invention, as evidenced by provisional patent registration number 63/041,587 for composition and methods for treating COVID-19 (the "Patent").

On 17 July 2020, Success Health entered into a license agreement (the "License Agreement") with Vast Sea, pursuant to which Success Health desires to market and sell the Core Ingredients in the form of AVL-19 and develop potential alternative uses and applications for the Core Ingredients while Vast Sea desires for Success Health to have the sole legal right to manufacture, sublicense and market and sell worldwide the Core Ingredients in the form of AVL-19 and to develop potential alternative uses and applications for the Core Ingredients through Success Health and its affiliates. Pursuant to the License Agreement, Vast Sea, being the sole legal and beneficial owner of the tangible embodiments of the Invention, is ready and willing to license the Patent exclusively to Success Health under and in accordance with the License Agreement.

For details of the transactions, please refer to the Company's announcements dated 24 July 2020 and 29 July 2020.

Grant of options under specific mandate

On 30 July 2020, the Company entered into the option agreement (the "Option Agreement") with certain grantees (the "Grantees"), pursuant to which the Company intends to grant options (the "Options") to the Grantees, and the Grantees are desirous of accepting such grant. In case the Grantees shall exercise the Options in entirety, the Company shall issue and allot 108,000,000 new Shares at the subscription price (the "Subscription Price") of HK$0.26 per option share (the "Option Share"). The Options were granted to the Grantees at a nominal consideration of HK$1 in three equal tranches, and the Options to be granted to a Grantee in any tranche will entitle the Grantee to, upon exercising such Options, to subscribe up to 12,000,000 new Shares at the Subscription Price.

The Options are not granted under the share option scheme of the Company adopted under Chapter 17 of the Listing Rules. According to Rule 13.36(7) of Listing Rules, the Company may not issue the Options pursuant to general mandate. A resolution will be proposed at an extraordinary general meeting to give the Directors a specific mandate to grant the Options and allot and issue the Option Shares pursuant to the exercise of the Options.

As at the date hereof, the grant of Options had not yet completed.

For details of the transaction, please refer to the Company's announcements dated 30 July 2020 and 5 August 2020.

Acquisition of further 16% equity interest in China Bloom International Limited

On 26 August 2020, VC Capital Management Limited, a wholly owned subsidiary of the Company, entered into another memorandum of understanding with Mr. Chan Leung to acquire further 16% equity interest in China Bloom at a cash consideration of HK$9,800,000. As at the date hereof, HK$2,000,000 had been paid as deposit.

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

Hong Kong
31 August 2020

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	4	**27,903**	21,485
Other income	4	**5,879**	2,269
Other gains and losses	5	**220**	(229)
Loss on disposal of financial assets at fair value through profit or loss		**(11,544)**	–
Fair value change on financial assets at fair value through profit or loss		**(3,658)**	(10,397)
Net realised and unrealised loss on financial assets held for trading		**(22,175)**	(29,524)
Impairment loss on accounts receivable, net		**(12,135)**	(2,464)
Staff costs	6	**(19,125)**	(21,676)
Commission expenses		**(2,183)**	(2,594)
Depreciation of property and equipment	12	**(1,549)**	(1,704)
Depreciation of right-of-use assets		**(3,319)**	(2,817)
Finance costs	7	**(1,349)**	(1,958)
Other operating expenses		**(11,295)**	(18,074)
Share of loss of an associate		**(4)**	(10)
Loss before tax		**(54,334)**	(67,693)
Income tax expense	8	**(436)**	(636)
Loss and total comprehensive expense for the period	9	**(54,770)**	(68,329)
Loss per share (HK cents)			
Basic	11	**(4.45)**	(5.55)
Diluted	11	**(4.45)**	(5.55)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	**30 June 2020** *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Non-current assets			
Goodwill		**2,016**	2,016
Trading rights		**–**	–
Other intangible assets		**1,246**	1,246
Interest in an associate		**5,282**	4,926
Property and equipment	12	**5,118**	5,915
Statutory deposits		**3,333**	2,988
Rental and utility deposits		**1,850**	1,868
Right-of-use assets		**9,508**	10,879
Financial assets at fair value through profit or loss	14	**–**	13,358
Financial assets at fair value through other comprehensive income	13	**47,054**	47,054
		75,407	90,250
Current assets			
Accounts receivable	15	**342,768**	223,680
Prepayments, deposits and other receivables		**130,144**	18,520
Financial assets at fair value through profit or loss	14	**175,598**	445,867
Bank balances and cash		**50,104**	70,788
		698,614	758,855
Current liabilities			
Accounts payable	16	**10,062**	16,231
Accrued liabilities and other payables		**7,087**	5,968
Lease liabilties		**2,962**	6,641
Tax payable		**635**	329
		20,746	29,169
Net current assets		**677,868**	729,686
Total assets less current liabilities		**753,275**	819,936

	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Non-current liabilities		
Convertible bonds	**16,489**	29,005
Deferred tax liabilities	**249**	659
Lease liabilities	**6,680**	4,409
	23,418	34,073
Net assets	**729,857**	785,863
Capital and reserves		
Share capital	**1,585,239**	1,585,239
Reserves	**(855,382)**	(799,376)
Total equity	**729,857**	785,863

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company							
	Share capital	**Capital reserve**	**Convertible bonds reserve**	**Investments revaluation reserve**	**Share option reserve**	**Other reserve**	**Accumulated losses**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2020 (Audited)	**1,585,239**	**123,758**	**17,536**	**(160,580)**	**27,374**	**(767)**	**(806,697)**	**785,863**
Loss and total comprehensive expense for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(54,770)**	**(54,770)**
Reversal of convertible bonds reserve upon disposal of convertible bonds	**-**	**-**	**(8,626)**	**-**	**-**	**-**	**7,390**	**(1,236)**
At 30 June 2020 (Unaudited)	**1,585,239**	**123,758**	**8,910**	**(160,580)**	**27,374**	**(767)**	**(854,077)**	**729,857**

	Attributable to owners of the Company							
	Share capital	Capital reserve	Convertible bonds reserve	Investments revaluation reserve	Share option reserve	Other reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019 (Audited)	1,585,239	123,758	17,536	(550)	51,631	(767)	(737,585)	1,039,262
Loss and total comprehensive expense for the period	–	–	–	–	–	–	(68,329)	(68,329)
At 30 June 2019 (Unaudited)	1,585,239	123,758	17,536	(550)	51,631	(767)	(805,914)	970,933

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 address of the registered office and principal place of business of the Company is 6/F, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong.

The Company and its subsidiaries (the "Group") are principally engaged in the provision of financial services and proprietary trading.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's audited annual consolidated financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

Except for the amendments included in Amendments to HKFRS 9, HKAS 39 and HKFRS 7, which are not relevant to the preparation of the Group's unaudited condensed consolidated financial statements, the nature and impact of the amendments are described below.

The amendments to HKFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Furthermore, a business can exist without including all of the inputs and processes needed to create outputs. These amendments have no impact on the Group's financial statements, but may impact future periods should the Group enter into any business combinations.

The amendments to HKAS 1 and HKAS 8 provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments have no impact on the Group's financial statements, nor are expected to have any future impact to the Group.

The application of the other new and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or the disclosures set out in these unaudited condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue principally arises from the financial services business comprising the provision of 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 services, and corporate finance and other related advisory services; and proprietary trading.

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers		
Disaggregated by major services lines		
– Brokerage commission and other related fees from dealing in securities and futures and options contracts	**5,033**	6,203
– Underwriting, sub-underwriting, placing and sub-placing commission	**1,001**	560
– Arrangement, referral, advisory and other fee income	**5,134**	5,362
	11,168	12,125
Revenue from other sources		
– Interest income from clients	**16,735**	9,360
	27,903	21,485
Other income		
Interest income from authorised institutions	**337**	486
Interest income from convertible bonds	**3,255**	1,523
Sundry income	**2,287**	260
	5,879	2,269
Total income	**33,782**	23,754

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, proprietary trading businesses and classifies its business into five operating segments, namely brokerage and financing businesses, corporate finance and other advisory services, asset management, insurance brokerage and proprietary trading and reports to the Group's Executive Committee (being the Group's Chief Operating Decision Maker) accordingly. Details of these five 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 and other advisory services segment engages in the provision of corporate financial advisory services and company secretarial services;

(iii) the asset management segment engages in the provision of asset management services;

(iv) the insurance brokerage segment engages in the provision of insurance brokerage services; and

(v) the proprietary trading segment engages in the trading of equity securities, debt securities and other financial products.

The following tables represent revenue and results information of these operating and reportable segments for the six months ended 30 June 2020 and 2019.

Six months ended 30 June 2020 (Unaudited)

	Brokerage and financing *HK$'000*	Corporate finance and other advisory services *HK$'000*	Asset management *HK$'000*	Insurance brokerage *HK$'000*	Proprietary trading *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue	**22,769**	**5,134**	**–**	**–**	**–**	**27,903**	**–**	**27,903**
Inter-segment sales	**14**	**966**	**–**	**–**	**–**	**980**	**(980)**	**–**
	22,783	**6,100**	**–**	**–**	**–**	**28,883**	**(980)**	**27,903**
Segment loss	**(1,653)**	**(403)**	**(924)**	**(319)**	**(22,934)**	**(26,233)**	**–**	**(26,233)**
Unallocated administrative costs								**(12,895)**
Loss on disposal of financial assets at fair value through profit or loss ("FVTPL")								**(11,544)**
Fair value change on financial assets at FVTPL								**(3,658)**
Share of loss of an associate								**(4)**
Loss before tax for the period								**(54,334)**

Six months ended 30 June 2019 (Unaudited)

	Brokerage and financing *HK$'000*	Corporate finance and other advisory services *HK$'000*	Asset management *HK$'000*	Insurance brokerage *HK$'000*	Proprietary trading *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue	16,123	5,362	–	–	–	21,485	–	21,485
Inter-segment sales	16	926	–	–	–	942	(942)	–
	16,139	6,288	–	–	–	22,427	(942)	21,485
Segment profit (loss)	9,678	(1,528)	(793)	(111)	(31,677)	(24,431)	–	(24,431)
Unallocated administrative costs								(32,855)
Fair value change on financial assets at FVTPL								(10,397)
Share of loss of an associate								(10)
Loss before tax for the period								(67,693)

Segment profit or loss represents the profit earned by/loss from each segment, before the deduction of unallocated administrative costs, fair value change on financial assets at FVTPL, share of loss of an associate and loss on disposal of financial assets at FVTPL. This is the measure reported to the Group's Executive Committee for the purposes of resource allocation and performance assessment.

For the six months ended 30 June 2020, no single customer (six months ended 30 June 2019: Nil) contributed 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 is mainly derived from Hong Kong for the six months ended 30 June 2020 and 2019. Almost all of its non-current assets other than financial instruments 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. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain (loss) on disposal of property and equipment	**250**	(225)
Net exchange loss	**(30)**	(4)
	220	(229)

6. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff commission	**1,662**	1,208
Salaries and wages	**15,162**	17,562
Staff welfare	**743**	733
Recruitment costs	**64**	6
Provision of long service payment/annual leave benefits	**70**	188
Retirement benefits scheme contributions	**403**	475
Discretionary and performance related incentive payments and provision of gratuity	**1,021**	1,504
	19,125	21,676

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on:		
Convertible bonds	**1,184**	1,577
Bank loans	**–**	11
Lease liabilities	**165**	370
	1,349	1,958

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**638**	836
The People's Republic of China (the "PRC") Enterprise Income Tax	**–**	27
Under (over) provision in prior year		
– PRC Enterprise Income Tax	**–**	4
– Hong Kong Profits Tax	**(36)**	–
Deferred tax		
Current period	**(166)**	(231)
	436	636

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime (8.25% and 16.5%) of the estimated assessable profits for both periods. The PRC representative offices are subject to the PRC Enterprise Income Tax at 25% for the six months ended 30 June 2020 (six months ended 30 June 2019: 25%).

At 30 June 2020, the Group has estimated unused tax losses of approximately HK$477,331,000 (31 December 2019: HK$472,808,000) available for offset against future profits. As at 30 June 2020, deferred tax asset and liability have been recognised in respect of tax losses of approximately HK$36,764,000 (31 December 2019: HK$36,764,000) and taxable temporary difference of approximately HK$5,913,000 (31 December 2019: HK$5,913,000) respectively. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$440,567,000 (31 December 2019: HK$436,044,000) due to the unpredictability of future profit streams. The estimated unused tax losses have no expiry date but are subject to further approval of the Hong Kong Inland Revenue Department.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Included in other operating expenses:		
Auditor's remuneration	**540**	540
Expenses relating to short-term leases	**803**	2,657
Entertainment and travel expenses (mainly incurred for business development)	**2,128**	3,331

10. DIVIDENDS

No dividends have been paid or declared or proposed by the Company during the six months ended 30 June 2020 (six months ended 30 June 2019: Nil). The directors of the Company have determined that no dividend will be paid for the six months ended 30 June 2020.

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:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purposes of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	**(54,770)**	(68,329)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,230,952**	1,230,952

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since the exercise of the convertible bonds would result in a decrease in loss per share for the six months ended 30 June 2020 and 2019. The computation of diluted loss per share does not assume the exercise of the Company's share options since the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2020 and 2019.

12. PROPERTY AND EQUIPMENT

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000* (Audited)
Carrying value, at beginning of the period/year	**5,915**	2,844
Additions	**753**	7,044
Depreciation	**(1,549)**	(3,304)
Written off/Disposal	**(1)**	(669)
Carrying value, at end of the period/year	**5,118**	5,915

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000* (Audited)
Unlisted equity securities *(notes a & b)*	**47,054**	47,054
Analysed for reporting purpose as non-current assets	**47,054**	47,054

Notes:

(a) On 8 June 2018, the Company issued convertible bonds with 2% coupon rate at a total principal value of HK$160,000,000 to an independent third party, CVP Financial Group Limited, as the consideration of the acquisition of 18% of the entire equity securities issued by Hackett Enterprises Limited, a private entity incorporated in the Republic of Seychelles, which, together with its subsidiaries, is engaged in the business of provision of loan financing and financial consultancy services in the PRC and the provision of money lending services in Hong Kong.

(b) The amount also includes the Group's investments in 5% and 5% of the unlisted equity securities issued by two private entities incorporated in Hong Kong and the British Virgin Islands respectively. Their principal activities are investment holding in the PRC and operation of restaurants in Hong Kong respectively. The fair value of both investment were approximately to HK$ nil as at 30 June 2020 and 31 December 2019.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020	As at 31 December 2019
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Convertible bonds *(notes a & b)*	**9,699**	297,087
Listed equity securities listed in Hong Kong (held-for-trading)	**165,899**	162,138
	175,598	459,225
Analysed for reporting purpose:		
Non-current assets	**–**	13,358
Current assets	**175,598**	445,867
	175,598	459,225

Notes:

(a) On 18 October 2017, the Company entered into a sale and purchase agreement with Pacific Alliance Limited ("PAL") as vendor, pursuant to which the Company agreed to purchase, and PAL agreed to sell, the 3-year two per cent. Unsecured redeemable convertible bonds in the principal amount of HK$153,585,000 issued by China Fortune Financial Group Limited ("China Fortune", Stock Code: 290) on 30 March 2017 (the "China Fortune Convertible Bonds") for an aggregate consideration of HK$400,000,000 (the "Acquisition"). The consideration of HK$40,000,000 was satisfied in cash and the balance of the consideration of HK$360,000,000 was satisfied by way of issue of the convertible bonds by the Company at the completion date of the Acquisition. The China Fortune Convertible Bonds are convertible into 2,559,750,000 conversion shares at the initial conversion price of HK$0.06 per conversion share (subject to adjustments). The Acquisition was completed on 8 January 2018. The China Fortune Convertible Bonds were classified as financial assets at FVTPL and measured at fair value at initial recognition and at the end of each reporting period.

In return for the Company's undertaking to China Fortune that the Company shall not exercise the conversion rights attaching to the China Fortune Convertible Bonds from the completion date up to and including 29 March 2019, PAL grants to the Company a put option which require PAL to purchase from the Company the China Fortune Convertible Bonds to the extent of the principal amount of HK$76,792,500. Exercising the put option by partial disposal of China Fortune Convertible Bonds have been disclosed in the section "BUSINESS REVIEW" section in this announcement.

(b) A wholly-owned subsidiary of the Company, VC Brokerage Limited had acquired a 3-year 2.5%, unsecured non-refundable convertible bonds issued by Asia Energy Logistics Group Limited ("Asia Energy") issued on 8 November 2019 for a principal amount of HK$10,000,000 at a consideration of HK$10,000,000. The initial conversion price of the convertible bonds is HK$0.30 per share. The transaction was completed on 14 November 2019. The fair value of the convertible bonds was approximately HK$9,699,000 as at 30 June 2020 (31 December 2019: HK$13,358,000) Such convertible bonds had been early redeemed by Asia Energy and the interest accrued in the amount of approximately HK$169,000 had been fully repaid in July 2020.

15. ACCOUNTS RECEIVABLE

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000* (Audited)
Accounts receivable arising from the ordinary course of business of dealing in:		
Securities transactions *(note a)*:		
Clearing house	**2,011**	5,209
Cash clients	**8,360**	2,922
Less: Impairment loss	**(21)**	–
	10,350	8,131
Futures and options contracts transactions *(note a)*:		
Clearing house	**18**	18
	10,368	8,149

	As at 30 June 2020 *HK$'000* (Unaudited)	As at 31 December 2019 *HK$'000* (Audited)
Accounts receivable arising from the ordinary course of business of provision of corporate finance and other advisory services *(note a)*	**4,525**	6,419
Less: Impairment loss	**(454)**	(450)
	4,071	5,969
	14,439	14,118
Accounts receivable arising from the ordinary course of business of money lending services *(note b)*	**249,818**	114,072
Less: Impairment loss	**(42,127)**	(31,433)
	207,691	82,639
Accounts receivable arising from the ordinary course of business of dealing in *(note c)*:		
Securities transactions:		
Margin clients	**143,676**	148,545
Less: Impairment loss	**(23,038)**	(21,622)
	120,638	126,923
	342,768	223,680

The Group measures the loss allowance for accounts receivable at an amount equal to 12-month expected credit losses ("ECL") or lifetime ECL. The ECL on accounts receivable are estimated using a provision matrix on those under simplified approach with reference to past default experience of the accounts receivable, adjusted for factors that are specific to the accounts receivable, latest collateral valuation, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes:

(a) 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 day after the trade date. Accounts receivable from clearing house and majority of accounts receivable from cash clients represent trades pending settlement arising from the business of dealing in securities transactions.

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

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000* (Audited)
Within 30 days	**9,832**	7,743
31-90 days	**34**	53
Over 90 days	**502**	353
	10,368	8,149

As at 30 June 2020, accounts receivable of approximately HK$9,095,000 (31 December 2019: Nil) are due from directors of the Group in respect of transactions in securities undertaken for their accounts.

The settlement terms of accounts receivable arising from provision of corporate finance and other advisory services are normally due immediately from date of billing but the Group may grant a credit period of 30 days on average to its clients. The aging analysis of these receivables based on the invoice date is as follows:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000* (Audited)
Within 30 days	**729**	1,716
31-90 days	**227**	787
Over 90 days	**3,115**	3,466
	4,071	5,969

(b) As at 30 June 2020, accounts receivable arising from money lending services bear fixed-rate interest from 1.25% to 1.5% per month or 12% per annum (31 December 2019: 1.5% per month or 12% per annum). The accounts receivable had remaining contractual maturity date falling within one year as at the end of each reporting period. As at 30 June 2020, accounts receivable with net carrying amount of approximately HK$171 million (31 December 2019: HK$44 million) were secured by the client's pledged listed securities and approximately HK$224 million were secured by the client's mortgaged properties.

(c) The accounts receivable due from margin clients of approximately HK$143,676,000 (31 December 2019: HK$148,545,000) were secured by the clients' pledged listed securities which carried a fair value of approximately HK$491,204,000 (31 December 2019: HK$401,856,000). The management of the Group has assessed the market value of pledged securities of each individual customer that has margin shortfall as at the end of each reporting period and reviewed each of the status.

Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the amount of accounts receivable from margin clients 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. Accounts receivable due from margin clients are repayable on demand and bear interest at commercial rates.

As at 30 June 2020, an impairment of approximately HK$23,037,000 (31 December 2019: HK$21,622,000) was recognised in respect of the accounts receivable due from margin clients of approximately HK$35,700,000 and secured by the pledged list securities which carried a fair value of approximately HK$12,573,000.

16. ACCOUNTS PAYABLE

	As at 30 June 2020	As at 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts payable arising from the ordinary course of business of dealing in securities transactions:		
Clearing house	**–**	–
Cash clients	**9,863**	16,053
Margin clients	**199**	178
	10,062	16,231

Accounts payable to clearing house represent trades pending settlement arising from dealing in securities which are usually due within two trading days after the trade date.

The accounts payable to cash clients and margin clients are repayable on demand except where certain balances represent pending settlement which are usually due within two trading days after the trade date or deposits received from clients for their securities dealing activities. Only the excessive amounts over the required deposits stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of directors of the Company, the aging analysis does not give additional value in view of the nature of this business.

As at 30 June 2020, accounts payable of approximately HK$175,000 (31 December 2019: Nil) are due to the directors of the Group and the close family members of these directors in respect of transactions in securities undertaken for their accounts.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

The Company has not redeemed any of its shares during the six months ended 30 June 2020. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2020.

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 six months ended 30 June 2020, which were contained in Appendix 14 of the Listing Rules, with the deviation mentioned below:

Code provision A.4.1

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 97 of the Articles of Association of the Company, all Directors, including Non-executive Directors, 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; and
d. Nomination Committee,

The terms of reference of all the aforesaid board committees are given at the Company's website under the section "Corporate Governance".

AUDIT COMMITTEE

The Company's Audit Committee is currently composed of three Independent Non-executive Directors of the Company, namely, Mr. Wong Chung Kin, Quentin (Chairman), Mr. Wong Kam Choi, Kerry, MH and Mr. Siu Miu Man, Simon, MH. The primary duties of the Audit Committee are to (i) review the Group's financial statements and published reports; (ii) provide advice and comments thereon to the Board; and (iii) review and supervise the financial reporting process and internal control procedures and risk management systems of the Group. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements and results for the six months ended 30 June 2020 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 six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.vcgroup.com.hk. The Company's interim report for the six months ended 30 June 2020 will be available at the same websites and will be dispatched to the Company's shareholders in due course.

BOARD OF DIRECTORS

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.

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

Hong Kong
31 August 2020