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## **Value Convergence Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 821)

### **PLACING OF CONVERTIBLE BONDS AND RESUMPTION OF TRADING**

**PLACING AGENT  
CHINA EVERBRIGHT SECURITIES (HK) LIMITED**



On 8 September 2009, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has agreed to appoint the Placing Agent to procure, during the Placing Period on a best endeavors basis, independent Subscribers to subscribe, in cash at 100% of the principal amount, for the First Convertible Bonds in a principal amount of HK\$300 million. The initial Conversion Price of the Convertible Bonds is HK\$1.00 per Conversion Share.

Under the terms of the First Convertible Bonds, Options will be granted to the converting Bondholders on any conversion of the First Convertible Bonds effected within one year from their date of issue. The Options will entitle the converting Bondholders to subscribe, in cash at 100% of the principal amount, for further Convertible Bonds equal to the principal amount of the First Convertible Bonds which are converted on the relevant occasion. Accordingly, Options may be issued to Subscribers for up to a further principal amount of HK\$300 million of Convertible Bonds. Options must be exercised within one year from the date of initial issuance of the First Convertible Bonds, failing which the Options will lapse. Optional Bonds will be constituted by the same Bond Instrument, and issued on the same terms and conditions, as the First Convertible Bonds; except that the holders of the Optional Bonds will not be entitled to receive any further Options to subscribe for Convertible Bonds on conversion of any Optional Bonds. In addition, because the Bond Instrument includes a prohibition

on conversion of the First Convertible Bonds within the period of three months from the First Issue Date (see under "Conversion restrictions" below), no Options or Optional Bonds will be issued during that three month period and, accordingly, the right of the Company to redeem Convertible Bonds within three months from the First Issue Date (see under "Redemption" below) will not be applicable as a practical matter in respect of the Optional Bonds.

If all the First Convertible Bonds are issued and converted within one year from their issue date, and all the Options are issued and validly exercised, the Company will raise an aggregate amount, before expenses, of HK\$600 million and an aggregate principal amount of HK\$600 million of Convertible Bonds would be issued. Assuming full conversion of the Convertible Bonds in an aggregate principal amount of HK\$600 million at the initial Conversion Price of HK\$1.00, a total of 600 million Conversion Shares would be issued, representing approximately 161.65% of the existing issued share capital of the Company and approximately 61.78% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares.

Under the Placing Agreement, Subscribers for the First Convertible Bonds are required to enter into separate Subscription Agreements directly with the Company. Completion of the subscription of the Convertible Bonds under the Subscription Agreements is subject to the conditions as set out in the paragraph headed "Conditions Precedent" below being fulfilled.

An EGM will be convened and held to consider and, if thought fit, pass one or more resolutions to approve the placing and subscription of the Convertible Bonds and the transactions contemplated thereunder, including the issuance of the Convertible Bonds and the Options, as well as the issuance of the Conversion Shares. A circular containing, among other things, further details of the Placing Agreement, the Subscription Agreement and the Bond Instrument constituting the Convertible Bonds, together with the notice of the EGM, will be dispatched to Shareholders as soon as practicable. No Shareholder is required to abstain from voting at the EGM. So far as the Directors are aware, no Director or Shareholder has a material interest in the placing and subscription of the Convertible Bonds and the transactions contemplated thereunder.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:31 a.m. on Monday, 7 September 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 9 September 2009.

## **PLACING AGREEMENT**

### **Date**

8 September 2009

### **Parties**

Issuer: The Company

Placing agent: The Placing Agent

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will receive a placing commission in aggregate of 1.00% on the aggregate principal amount of the First Convertible Bonds being placed, which was determined by the Company and the Placing Agent with reference to the placing commission paid by other listed issuers for similar transactions.

### **Placing period**

The Placing Agent will, on a best endeavours basis, procure Subscribers to subscribe, in cash at 100% of their principal amount, for the First Convertible Bonds within the period from (and excluding) the date of the Placing Agreement to (and including) the date falling on the tenth trading day thereafter. The Placing Agent has confirmed that it will use all reasonable endeavours (exercising due care and making reasonable enquiries) to ensure that (i) the Subscribers and their ultimate beneficial owners (a) are not connected persons of the Company and are third parties independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates; and (b) are not persons acting in concert with Melco or its associates (as defined in the Takeovers Code), or with each other or their respective associates (as defined in the Takeovers Code); (ii) none of the Subscribers or any persons acting in concert with them holds, directly or indirectly, any Shares; and (iii) the Subscribers are subscribing for the Convertible Bonds as principals and not as agents, nominees or trustees for others.

Under the Placing Agreement, Subscribers for the First Convertible Bonds are required to enter into separate Subscription Agreements directly with the Company, substantially in the form of the draft Subscription Agreement set out in a schedule to the Placing Agreement. The principal terms of the Subscription Agreements are summarized below.

### **Subscription Agreements**

#### **Date:**

To be entered into within the placing period under the Placing Agreement, of ten trading days.

#### **Parties**

In respect of each separate Subscription Agreement to be entered into, (1) the relevant Subscriber and (2) the Company.

#### **Subscription Amount**

It is anticipated that each Subscriber will enter into a separate Subscription Agreement for the subscription of the Convertible Bonds to be subscribed by the relevant Subscriber. If the

placing is successfully completed, the aggregate principal amount of Convertible Bonds to be subscribed by all the Subscribers under all the Subscription Agreements would be HK\$300 million, being the First Convertible Bonds.

### **Conditions Precedent**

Completion of the subscription for the First Convertible Bonds under each Subscription Agreement will be conditional on:

- (a) the shareholders of the Company passing one or more resolutions at the EGM approving:
  - (i) the issue of a principal amount of HK\$300 million of the First Convertible Bonds;
  - (ii) the grant and issue, in accordance with the terms of the Bond Instrument, of the Options and the issue of an additional principal amount of HK\$300 million of Optional Bonds on exercise of the Options; and
  - (iii) the issue and allotment of the Conversion Shares upon the exercise of the conversion rights in respect of all Convertible Bonds to be issued under the Bond Instrument, being an aggregate principal amount of HK\$600 million of Convertible Bonds comprising the First Convertible Bonds and the Optional Bonds;
- (b) the Stock Exchange approving the issue of all the Convertible Bonds to be issued under the Bond Instrument being an aggregate principal amount of HK\$600 million (comprising the First Convertible Bonds and the Optional Bonds) and the Options (in each case, either unconditionally or subject only to conditions to which neither the Company nor the Subscriber reasonably object and the fulfilment of such conditions);
- (c) the Listing Committee granting (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber reasonably object) listing of and permission to deal in the Conversion Shares to be issued on exercise of the conversion rights in respect of all the Convertible Bonds to be issued under the Bond Instrument (being an aggregate principal amount of HK\$600 million of Convertible Bonds comprising the First Convertible Bonds and the Optional Bonds); and
- (d) at completion (i) the representations and warranties given by the Company in the Subscription Agreement remaining accurate, correct and complied with in all material respects at, and as if made on, the completion date; (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before the completion date; and (iii) the Subscriber having received a certificate to such effect, dated as of the completion date, and signed by a duly authorised officer of the Company.

The form of Subscription Agreement provides that completion of the subscription for the First Convertible Bonds will take place in Hong Kong on the business day immediately following the date on which the conditions precedent to completion are fulfilled or waived.

If the conditions precedent are not fulfilled on or before 30 November 2009 or such later date as may be agreed between the Subscriber and the Company, the Subscription Agreement shall terminate and the parties to the Subscription Agreement shall be released and discharged from all obligations thereunder (save for any liabilities in respect of any antecedent breaches occurring prior to such termination).

The form of the Subscription Agreement provides that the Convertible Bonds are to be constituted by a Bond Instrument, substantially in the form of the draft set out in a schedule to the Subscription Agreement. The principal terms of the Bond Instrument and the Convertible Bonds are summarized below.

### **Principal terms of the Bond Instrument and the Convertible Bonds**

Principal amount:	<p>HK\$600 million, comprising:</p> <p>(i) the First Convertible Bonds in the aggregate principal amount of HK\$300 million, with Options to be granted to the converting Bondholders upon conversion of the First Convertible Bonds to further subscribe for Optional Bonds in a principal amount equal to the respective principal amounts of the First Convertible Bonds being converted; and</p> <p>(ii) the Optional Bonds in the aggregate principal amount of up to HK\$300 million, to be issued on exercise of the Options.</p>
Issue price:	100% of the principal amount of the Convertible Bonds. The issue price was determined by the Company based on the face value of the Convertible Bonds.
Interest rate:	1% per annum, which shall be payable on 30 June 2010 and thereafter semi-annually in arrears on 31 December and 30 June in each year
Maturity date:	2 years from the date of issue
Conversion price:	<p>HK\$1.00, being the initial conversion price per Conversion Share but subject to standard adjustment clauses including consolidation or subdivision of the Shares, capitalization of profits or reserves, capital distributions, issue of shares and other securities by way of rights and issue of new Shares at a price which is less than 95% of the then market price of the Shares.</p> <p>The initial Conversion Price of HK\$1.00 per Conversion Share represents:</p>

	<p>(1) a premium of approximately 2.04% over the closing price of HK\$0.980 per Share as quoted on the Stock Exchange on the Last Trading Day;</p> <p>(2) a premium of approximately 10.13% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day, of HK\$0.908;</p> <p>(3) a premium of approximately 12.49% over the average of the closing prices per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day, of HK\$0.889; and</p> <p>(4) a discount of approximately 39.90% to the unaudited net asset value per Share of HK\$1.664 (being the unaudited equity attributable to the Shareholders of approximately HK\$617,749,000 shown in the Company's unaudited interim financial statements as at 30 June 2009 divided by 371,169,772 Shares).</p> <p>The initial Conversion Price is determined by the Company with reference to the current price performance of the Shares.</p>
Conversion Shares	<p>A maximum of 600 million Conversion Shares to be allotted and issued upon full conversion of the Convertible Bonds, which represents approximately 161.65% of the existing issued share capital of the Company and approximately 61.78% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares.</p> <p>Shares issued upon conversion shall rank pari passu in all respects with all other existing Shares outstanding as at the conversion date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the Conversion Date.</p>
Conversion restrictions:	<p>(a) The Convertible Bond(s) can only be converted during the period commencing three months after the First Issue Date and ending on the day immediately prior to the maturity date of the Convertible Bonds.</p> <p>(b) No fraction of a Share shall be issued on conversion of the Convertible Bonds, and instead the Company shall pay a cash amount in Hong Kong dollars equal to such amount of the Convertible Bonds that are not converted.</p> <p>(c) A holder of Convertible Bonds shall not exercise the right of conversion if, as a result of such exercise, less than 25% of the</p>

	<p>issued share capital of the Company would be held by the public (as such expression is defined in the Listing Rules) immediately after such conversion.</p> <p>(d) A holder of Convertible Bonds shall not convert any Convertible Bonds, and the Company shall not issue any Conversion Shares if, upon such issue, the holder of Convertible Bonds and the parties acting in concert with it would be required to make a mandatory general offer under the Takeovers Code for the Shares held by the Company's other Shareholders, unless the Bondholder undertakes to the Company at the time of the relevant exercise that all applicable provisions of the Takeovers Code will be complied with.</p> <p>(e) A holder of Convertible Bonds shall not convert any Convertible Bond if, as a result of such conversion, the Bondholder would thereby become a substantial shareholder (as defined in the SFO) of one or more subsidiaries of the Company which are regulated under Part V of the SFO, unless the Bondholder has first been approved by the SFC under Part V of the SFO to become such a substantial shareholder.</p>
<p>Status and transferability:</p>	<p>(a) The obligations of the Company arising under the Convertible Bonds will constitute general, unsecured and unsubordinated obligations of the Company, and will rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.</p> <p>(b) No application will be made for a listing of the Convertible Bonds in any jurisdiction.</p> <p>(c) The Convertible Bonds may be transferred to any person, except that the Convertible Bonds may not be transferred to a connected person of the Company without the prior written consent of the Company. Without prejudice to that, any transfer of the Convertible Bonds is subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time), and all applicable laws and regulations; and (2) the approval of the Shareholders in a general meeting if so required and in compliance with the applicable provisions of the Listing Rules if such transfer is proposed to be made to a connected person</p>

	<p>of the Company.</p> <p>(d) Any transfer of the Bonds shall be in respect of the whole or any part of the Convertible Bonds in multiples of HK\$10 million.</p>
Redemption	<p>All Convertible Bonds which have not been redeemed or converted by their maturity date will be automatically redeemed by the Company on the maturity date at a redemption amount equal to 100% of the principal amount of such Convertible Bonds. Any accrued but unpaid interest will also be payable.</p> <p>The First Convertible Bonds may be redeemed in whole or in part by the Company within three months from the First Issue Date (but not thereafter) at 100.25% of the principal amount of the Convertible Bonds. If Convertible Bonds are redeemed by the Company under this provision, no interest shall accrue or be payable in respect of those Convertible Bonds from the date of their issue.</p> <p>The Bond Instrument includes a prohibition on conversion of the First Convertible Bonds within the period of three months from the First Issue Date (see under "Conversion restrictions" above), therefore, no Options or Optional Bonds will be issued during that three month period and, accordingly, the right of the Company to redeem Convertible Bonds within three months from the First Issue Date will not be applicable as a practical matter in respect of the Optional Bonds.</p>
Voting at shareholders' meeting:	<p>Holders of the Convertible Bonds shall not be entitled to receive notices of attend or vote at any Shareholders' meetings of the Company by reason only of being the holders of the Convertible Bonds.</p>
Bondholders' meeting:	<p>The Company may at any time and shall at the request in writing of persons holding not less than one-tenth of the aggregate principal amount of the Convertible Bonds outstanding convene a meeting of the Bondholders by giving not less than 14 days' written notice. A meeting of Bondholders shall have power to (i) sanction any modification or compromise or arrangement in respect of the rights of the Bondholders against the Company; (ii) assent to any modification or abrogation of the provisions of the Bond Instrument; and/or (iii) give any consent or direction required to be given by the Bondholders under the Bond Instrument, in each case by a simple majority of the Bondholders</p>



	voting upon a show of hands or, if a poll is demanded, by a majority consisting of not less than 50% of the votes given on such poll.
Listing:	No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange, or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
Events of default:	<p>If any of the following events (“Events of Default”) occurs, any holder of Convertible Bonds may give notice to the Company that the holder's Convertible Bonds be redeemed, whereupon those Convertible Bonds shall become immediately due and payable at 100% of their principal amount and all interest accrued in respect of those Convertible Bonds shall also become immediately due and payable. The Events of Default are as follows:</p> <ul style="list-style-type: none"> <li>(a) any failure to pay the principal of or interest on the Convertible Bonds when due and such failure continues for a period of seven days in the case of principal or 14 days in the case of interest;</li> <li>(b) the Company defaults in performance or compliance with any of its obligations under the Bond Instrument (other than the covenant to pay the principal and interest in respect of the Convertible Bonds), and such default is incapable of remedy (in which event no such notice as is referred to below shall be required), or, if capable of remedy, is not remedied within 30 days after notice sent by the holder of the Convertible Bonds to the Company requiring such default to be remedied;</li> <li>(c) any other present or future indebtedness of the Company or any of its major subsidiaries for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised, becomes due and payable prior to its stated maturity otherwise than at the option of the Company or the relevant major subsidiary, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Company or any of its major subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness provided that the aggregate amount of indebtedness and guarantees and indemnities in respect of which one or more events mentioned</li> </ul>

	<p>above have occurred equals or exceeds HK\$20,000,000 or its equivalent in any other currency Provided That the provisions of this paragraph shall not apply to any alleged default if the Company or the relevant major subsidiary, as the case may be, is contesting the matter in good faith;</p> <p>(d) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by a resolution of holders of Convertible Bonds (no approval of the holders of Options is required);</p> <p>(e) a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any major subsidiary except (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any other subsidiary, (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (a) above) the terms of which shall have previously been approved by a resolution of holders of Convertible Bonds (no approval of the holders of Options is required), or (c) by way of a voluntary winding up or dissolution where there are surplus assets in such major subsidiary and such surplus assets attributable to the Company and/or any other subsidiary are distributed to the Company and/or any such other subsidiary;</p> <p>(f) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any major subsidiary;</p> <p>(g) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property, assets or revenues of the Company or any major subsidiary (as the case may be) and is not discharged or stayed within 45 days or such longer period as the Bondholders, by a resolution of Bondholders, may consider appropriate in relation to the event concerned (no approval of the holders of Options is required);</p> <p>(h) the Company or any of its major subsidiaries is insolvent or unable to pay its debts as and when they fall due or the Company or any of its major subsidiaries shall initiate or</p>
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	<p>consent to proceedings relating to itself under any applicable administration, bankruptcy, composition or insolvency law or scheme of arrangement while insolvent or makes a general assignment for the benefit of, or enters into any composition with, its creditors;</p> <p>(i) proceedings shall have been initiated against the Company or any major subsidiary under any applicable bankruptcy, reorganisation or insolvency law, and such proceedings shall not have been discharged or stayed within 60 days thereafter (or such longer period as the holders of the Convertible Bonds by a resolution may consider appropriate in relation to the jurisdiction concerned (no approval of the holders of the Options is required));</p> <p>(j) it is or becomes unlawful for the Company to perform or comply with any of its obligations under the Convertible Bonds, or due to no fault on the part of any holder of the Convertible Bonds any such obligation is not or ceases to be enforceable or is claimed by the Company not to be enforceable;</p> <p>(k) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all or (other than on arm's length terms or with respect to a part of the relevant entity's business or operations which has not materially contributed to the consolidated operating profit of the Company and its subsidiaries for at least three years prior to the day on which this paragraph operates) a material part of the assets of the Company or any of its major subsidiaries;</p> <p>(l) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds, the Options and the Bond Instrument, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Convertible Bonds, the Options and the Bond Instrument admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the requisite time; or</p> <p>(m) any event occurs which has an analogous effect to any of the</p>
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	events referred to in paragraphs (a) to (l) above.
Options:	<p>On an exercise within 12 months from the date of issue of the First Convertible Bonds of the conversion rights in respect of the First Convertible Bonds, a converting Bondholder shall be granted the Option by the Company to subscribe, in cash at 100% of their principal amount, for an aggregate principal amount of Optional Bonds equal to the principal amount of the First Convertible Bonds being converted by that converting Bondholder on the relevant occasion. Accordingly, the maximum aggregate amount of additional Convertible Bonds in respect of which Options may be granted (referred to in this announcement as "Optional Bonds") is HK\$300 million. If the subscription rights conferred by Options are duly exercised, Optional Bonds would be issued under the Bond Instrument on the same terms and conditions as the First Convertible Bonds, except that no further options to subscribe for Convertible Bonds and/or any other security instrument whatsoever will be granted on the conversion of any Optional Bonds. In addition, because the Bond Instrument includes a prohibition on conversion of the First Convertible Bonds within the period of three months from the First Issue Date (see under "Conversion restrictions" above), no Options or Optional Bonds will be issued during that three month period and, accordingly, the right of the Company to redeem Convertible Bonds within three months from the First Issue Date (see under "Redemption" above) will not be applicable as a practical matter in respect of the Optional Bonds.</p> <p>Options to subscribe for Optional Bonds may only be exercised within 12 months from the date of the initial issuance of the First Convertible Bonds. The minimum principal amount of Optional Bonds which may be subscribed on an exercise of the Options is HK\$10 million. The subscription moneys shall be satisfied in full, in cash on subscription.</p> <p>Options are transferrable on the same terms as are applicable to the transfer of Convertible Bonds, described above.</p>

## REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The Group is principally engaged in securities, futures and option contracts broking and the provision of other related financial services including margin financing, securities underwriting, placing arrangement, assets management and corporate finance advisory services focusing on the markets in Hong Kong and the PRC. With the gradual recovery of the securities market after the financial turmoil in 2008, the Directors considered it a good opportunity to raise funds to expand its existing business and make investments as and when opportunities arise. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital of the Company since it will not have an immediate dilution effect on the shareholding structure of the Company.

The Conversion Price was determined between the Placing Agent and the Company with reference to the recent price performance of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net proceeds from the issue of the First Convertible Bonds, of approximately HK\$285 million, will be applied towards the general working capital of the Group, in particular to expand its margin financing business and to finance possible future investment by the Group as and when opportunities arise. Any net proceeds from the issue of Optional Bonds, following the issue and exercise of Options, will be applied for the same purposes. The amount of net proceeds from the issue of Optional Bonds is dependent on the number of Bondholders who exercise their First Convertible Bonds within one year from the First Issue Date and are granted Options, and on the extent to which the subscription rights for Convertible Bonds under those Options are exercised. The maximum amount of net proceeds from the issue of the Optional Bonds would be approximately HK\$300 million. As at the date of this announcement, the Directors have not identified any investment opportunity. Should there be any investment to be made by the Group, appropriate announcement(s) will be made in accordance with the Listing Rules.

## SHAREHOLDING STRUCTURE

The following table shows the change in shareholding structure of the Company upon conversion of the Convertible Bonds.

Shareholder	As at the date of this announcement		Upon conversion of the First Convertible Bonds		Upon conversion of the Optional Bonds	
		%		%		%
Melco Financial Mr. Ho, Lawrence Yau Lung	160,930,381	43.36%	160,930,381	23.98%	160,930,381	16.57%
	4,232,627	1.14%	4,232,627	0.63%	4,232,627	0.44%

Mr. Patrick Sun	840,000	0.23%	840,000	0.13%	840,000	0.09%
Dr. Lee Jung Sing	6,299,702	1.70%	6,299,702	0.94%	6,299,702	0.65%
Subscriber	-	0.00%	300,000,000	44.70%	600,000,000	61.78%
Public	198,867,062	53.57%	198,867,062	29.62%	198,867,062	20.47%
<b>Total</b>	<b>371,169,772</b>	<b>100.00%</b>	<b>671,169,772</b>	<b>100.00%</b>	<b>971,169,772</b>	<b>100.00%</b>

*Notes:*

- 1. Melco Financial is a wholly-owned subsidiary of Melco which is in turn held as to approximately 34.06% by Mr. Ho, Lawrence Yau Lung.*
- 2. Mr. Ho, Lawrence Yau Lung is taken to be interested in 4,232,627 Shares as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd which, in turn, holds approximately 1.14% of the existing issued share capital of the Company as at the date of this announcement.*
- 3. Dr. Lee Jun Sing is taken to be interested in 6,299,702 Shares as a result of him being beneficially interested in the entire issued share capital of Best Summit International Limited which, in turn, holds approximately 1.70% of the existing issued share capital of the Company as at the date of this announcement.*

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activity in the past twelve months from the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

At the annual general meeting of the Company held on 8 June 2009, a general mandate was granted to the Directors to exercise the powers of the Company to allot and issue up to 74,233,954 Shares, being 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of such annual general meeting. It is expected that the number of Conversion Shares, being a maximum of 600,000,000 Shares to be issued upon conversion of the Convertible Bonds, will exceed the number of Shares under the general mandate granted to the Directors to exercise the powers of the Company to allot and issue the Shares. Accordingly, it is proposed that the issue of the Conversion Shares will be specifically approved by a resolution of the Shareholders to be proposed at the EGM.

## **GENERAL**

If the number of Independent Third Party placees procured by the Placing Agent to subscribe for the First Convertible Bonds is less than six, the Company will make a further announcement specifying the names of those placees, as required by Rule 13.28 of the Listing Rules. If the number of Independent Third Party placees is six or more, Rule 13.28 of the Listing Rules does not require the names of the placees to be announced.

A circular containing, among other things, further details of the Placing Agreement, the Subscription Agreement and the Bond Instrument, together with the notice of the EGM, will be dispatched to the Shareholders as soon as practicable. No Shareholder is required to abstain from voting at the EGM. So far as the Directors are aware, no Director or Shareholder has a material interest in the placing and subscription of the Convertible Bonds and the transactions contemplated thereunder.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:31 a.m. on Monday, 7 September 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 9 September 2009.

### **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise requires, the following terms used herein shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Board”	the board of directors of the Company
“Bond Instrument”	the instrument to be entered into by the Company constituting the Convertible Bonds, substantially in the form of the draft set out in a schedule to the form of the Subscription Agreement
"Bondholders"	holders of Convertible Bonds
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	up to HK\$600 million 1% Convertible Bonds due 2011 convertible into Shares, to be constituted by the Bond Instrument (comprising the First Convertible Bonds and the Optional Bonds)
“Conversion Price”	initial conversion price of HK\$1.00 per Conversion Share but subject to standard adjustment clauses, as described in this announcement

“Conversion Shares”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve, inter alia, (i) the issuance of the First Convertible Bonds; (ii) the grant and issue of the Options and the issue of such additional amount of Optional Bonds on exercise of the Options; and (iii) the issue and allotment of the Conversion Shares upon the exercise of the conversion rights in respect of the Convertible Bonds
“First Issue Date”	the date on which the First Convertible Bonds are initially issued under the Bond Instrument
“First Convertible Bonds”	convertible bonds in a principal amount of HK\$300 million to be placed by the Placing Agent pursuant to the Placing Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected person(s) of the Company and who are not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Last Trading Day”	4 September 2009, being the last trading day before the date of this announcement on which the Shares were traded on the Stock Exchange before their temporary suspension pending the issue of this announcement
“Listing Committee”	the listing committee of the Stock Exchange for considering the application for, and the granting of the listing of securities on the Stock Exchange
“Melco”	Melco International Development Limited (Stock code: 200), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed



on the Main Board of the Stock Exchange

“Melco Financial”	Melco Financial Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Melco
“Options”	options granted to converting Bondholders upon conversion of the First Convertible Bonds as long as such conversion takes place within 12 months from the date of the initial issuance of the First Convertible Bonds; which options will entitle their holders to subscribe (in cash at 100% of the principal amount) for further Convertible Bonds with an aggregate principal amount equal to the principal amount of the First Convertible Bonds converted
“Optional Bonds”	the additional Convertible Bonds to be issued by the Company upon exercise of the Options by the holders of the Options, up to a maximum principal amount of HK\$300 million
“Placing Agent”	China Everbright Securities (HK)Limited
“Placing Agreement”	the Placing Agreement entered into between the Company and the Placing Agent dated 8 September 2009 in relation to the placing of the First Convertible Bonds by the Placing Agent for and on behalf of the Company
“SFC”	The Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Cap 571) of the Laws of Hong Kong
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers to be procured by the Placing Agent to enter into the Subscription Agreements
“Subscription Agreement(s)”	the subscription agreements proposed to be entered into between each of the Subscribers and the Company in respect of the subscription of the First Convertible Bonds, the principal terms of which subscription agreements are summarized in this announcement

“Takeovers Code”	The Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of  
**Value Convergence Holdings Limited**  
Patrick Sun  
*Chief Executive Officer & Executive Director*

Hong Kong, 8 September 2009

*As at the date of this announcement, the board of Directors comprises Mr. Ho, Lawrence Yau Lung\* (Chairman), Mr. Patrick Sun<sup>#</sup> (Chief Executive Officer), Mr. Tsui Che Yin, Frank<sup>#</sup>, Dr. Lee Jun Sing\*, Dr. Tyen Kanhee, Anthony<sup>+</sup>, Mr. Sham Sui Leung, Daniel<sup>+</sup> and Mrs. Chu Ho Miu Hing<sup>+</sup>.*

<sup>#</sup> *Executive Director*

\* *Non-executive Director*

<sup>+</sup> *Independent Non-executive Director*