
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular accompanying with the form of proxy to the purchaser(s) or transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE RELEVANT CONVERTIBLE BONDS BY EXERCISING THE PUT OPTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 12 of this circular.

A notice convening the EGM to be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 19 March 2020 at 11:00 a.m. at which the aforesaid major transaction will be considered is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar and transfer office, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment meeting thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment meeting thereof (as the case may be) should you so wish. In such event, the form of proxy shall be deemed to be revoked.

3 March 2020

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DEFINITIONS

The following terms have the following meanings in this circular unless the context otherwise requires:

“Acquisition”	the acquisition of the CFFG CB from PAL by the Company pursuant to the Sale and Purchase Agreement
“Announcement”	the announcement of the Company dated 24 January 2020 in relation to, among other things, the Disposal
“Agreement”	the agreement dated 24 January 2020 in respect of the Disposal entered into between the Company and PAL
“Board”	the board of Directors
“Business Day”	means a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“CFFG”	China Fortune Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 290)
“CFFG CB”	the 3-year 2 per cent. unsecured redeemable convertible bonds in the principal amount of HK\$153,585,000 issued by CFFG on 30 March 2017
“CFFG CB Instrument”	the instrument executed by CFFG under and pursuant to which the CFFG CB were constituted and issued
“CFFG Conversion Shares”	new shares of CFFG to be allotted and issued by CFFG upon conversion of the CFFG CB in accordance with the terms of the CFFG CB
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal as specified in the terms and conditions of the Agreement which shall take place on the Completion Date
“Completion Date”	30 March 2020

DEFINITIONS

“Consideration”	the Put Option Price of HK\$200,000,000, being the consideration to be paid by PAL to the Company for the Relevant Convertible Bonds
“Deposit”	the sum of HK\$15,000,000 to be paid by PAL to the Company in such mode and schedule as set out in the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	pursuant to the Put Option and as a result of the Company’s exercising thereof, the disposal of the Relevant Convertible Bonds by the Company to PAL on the terms and subject to the conditions set out in the Agreement
“EGM”	the extraordinary general meeting convened to be held by the Company at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 19 March 2020 at 11:00 a.m. to consider and, if thought fit, approve the Disposal and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s)
“Latest Practicable Date”	27 February 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	25 March 2020, or such later date as may be agreed in writing by the Company and PAL
“Maturity Date”	30 March 2020, being the maturity date of the CFFG CB as set out in the CFFG CB Instrument
“Mr. Chung”	Mr. Chung Chi Shing, Eric, a substantial shareholder of the Company

DEFINITIONS

“PAL”	Pacific Alliance Limited, a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Best Fortress Limited, a company incorporated in the British Virgin Islands. Best Fortress Limited is owned as to 90% by Mr. Yip Sum Yin and as to 10% by Mr. Chung
“Put Option”	the Relevant Convertible Bonds at the Put Option Price of HK\$200,000,000
“Put Option Period”	from 30 March 2019 until the 5th Business Day prior to the maturity date of the CFFG CB
“Put Option Price”	2.604421 (which is determined by dividing the total consideration of HK\$400,000,000 by the CFFG CB in the principal amount of HK\$153,585,000) times the principal amount of the Relevant Convertible Bonds
“Refund”	pursuant to the Agreement, under no circumstance shall the Company refund the Deposit or any part thereof to PAL, and likewise, PAL shall not institute or pursue any proceedings against the Company for refund or recovery of the Deposit, or on any matter concerning the Deposit
“Relevant Convertible Bonds”	pursuant to the Sale and Purchase Agreement, PAL granted a put option to the Company the exercise of which shall require PAL to purchase from the Company of HK\$76,792,500 in principal amount of the CFFG CB
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 October 2017 entered into between the Company, PAL and the Warrantors in relation to the Acquisition
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the issued ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VC CB”	the 3-year zero coupon unsecured redeemable convertible bonds in the initial principal amount of HK\$360,000,000 has been issued by the Company to PAL on 8 January 2018, with PAL being the holder of the current outstanding principal amount of HK\$15,000,000

DEFINITIONS

“VC CB Instrument”	the instrument executed by the Company as a deed under and pursuant to which the VC CB was constituted and issued
“Warrantors”	Mr. Yip Sum Yin and Mr. Chung
“%”	per cent.

LETTER FROM THE BOARD



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

Executive Directors:

Mr. Fu Yiu Man, Peter (*Chairman*)

Mr. Tin Ka Pak, Timmy

Mr. Lin Hoi Kwong, Aristo

Registered office:

6th Floor,

Centre Point

181-185 Gloucester Road

Wanchai, Hong Kong

Independent non-executive Directors:

Mr. Wong Chung Kin, Quentin

Mr. Wong Kam Choi, Kerry, MH

Mr. Siu Miu Man, Simon, MH

3 March 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF THE RELEVANT CONVERTIBLE
BONDS BY EXERCISING THE PUT OPTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

BACKGROUND

References are made to the announcement of the Company dated 18 October 2017 and the circular of the Company dated 7 December 2017, in relation to, among other things, the Acquisition.

On 18 October 2017, it was announced that the Company, PAL and the Warrantors entered into the Sale and Purchase Agreement pursuant to which the Company agreed to purchase, and PAL agreed to sell, the CFFG CB with a principal amount of HK\$153,585,000 convertible into 2,559,750,000 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.

LETTER FROM THE BOARD

Also, pursuant to the Sale and Purchase Agreement, PAL granted to the Company the Put Option to require PAL to purchase from the Company the 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, 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 on the condition set out in the circular of the Company dated 7 December 2017.

THE DISPOSAL

Reference is made to the Announcement. On 24 January 2020, the Board announced that the 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 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.

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Disposal; (ii) the financial information of the Group; and (iii) other information required under the Listing Rules.

THE AGREEMENT

Date: 24 January 2020

Parties: The Company; and

Pacific Alliance Limited (“**PAL**”)

(each a “**Party**” and collectively, the “**Parties**”)

PAL is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Best Fortress Limited, a company incorporated in the British Virgin Islands. Best Fortress Limited is owned as to 90% by Mr. Yip Sum Yin and as to 10% by Mr. Chung. As at the Latest Practicable Date, Mr. Chung is a substantial shareholder of the Company who is interested in aggregate of 369,144,000 Shares, out of which 368,352,000 being Shares representing approximately 29.92% of the entire issued share capital of the Company and 792,000 being share options representing approximately 0.06% of the entire issued share capital of the Company.

Save as disclosed above, PAL and its ultimate beneficial owners (except for Mr. Chung) are Independent Third Parties.

LETTER FROM THE BOARD

Assets to be disposed of

The Relevant Convertible Bonds with the principal amount of HK\$76,792,500 to be disposed of by the Company at the Put Option Price of HK\$200,000,000. The CFFG CB bearing an interest rate of 2% per annum, at the initial conversion price of HK\$0.06 per CFFG Conversion Share (subject to adjustments) which shall be payable on the Maturity Date (i.e. 30 March 2020) of the CFFG CB. As at the date of the Agreement, the share price of CFFG was HK\$0.062. As at the Latest Practicable Date, the share price of CFFG was HK\$0.057.

Consideration

The 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, and Deposit shall be settled and discharged in the following mode and manner:
 - (i) notwithstanding that the VC CB has yet to mature, PAL shall tender the outstanding principal amount of the VC CB in the sum of HK\$15,000,000 to the Company for cancellation in accordance with the conditions as set out in the VC CB Instrument by signing and issuing to the Company the tender notice of VC CB which shall be in such format and content as set out in the VC CB Instrument (the “**Cancellation**”);
 - (ii) as set out in the VC CB Instrument, the Cancellation is for the sole purpose of settling the Consideration or any part thereof upon any exercise of the Put Option by the Company;
 - (iii) upon completion of the Cancellation in accordance with the above clauses (i) and (ii), the VC CB shall be, and shall have been, fully redeemed and all of PAL’s right, interest and title in and over the VC CB shall be relinquished, and further, the Deposit shall be, and shall have been, fully paid; and
 - (iv) subject to completion of the above clauses (i) to (iii), neither the Company nor PAL shall have any recourse whatsoever against each other for or in relation to the VC CB or any principal amount thereof;
- (b) There shall not be any deduction whatsoever to the amount of the Deposit, and whether or not the Disposal is, or shall be, completed in accordance with the Agreement, the Deposit shall not be refunded by the Company to PAL, and PAL shall not have any recourse whatsoever against the Company for or in relation to the Deposit;

LETTER FROM THE BOARD

- (c) 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;
- (d) Balance of the Consideration in the sum of HK\$103,600,000 (the “**Balance**”) shall be settled and discharged by PAL in cash in accordance with the following schedule:

Date of payment	Amount
29 April 2020	HK\$10,000,000
31 July 2020	HK\$18,720,000
31 October 2020	HK\$18,720,000
29 January 2021	HK\$18,720,000
30 April 2021	HK\$18,720,000
30 July 2021	HK\$18,720,000

Pursuant to the Agreement, in case PAL fails and/or refuses to settle and discharge the Balance in accordance in strict accordance with the mode and schedule as set out in the above schedule, the entire amount due and owing by PAL shall become immediately due and repayable to the Company, and the Company shall be entitled to charge default interest on the entire amount outstanding at the rate of 2% per month until full and final settlement and discharge of the Balance (the “**Default Interest**”), and further, the Company may institute or pursue any proceedings against PAL for recovery of the Balance (or such outstanding part thereof) and the Default Interest or put PAL under receivership, and PAL shall indemnify the Company for all costs and expenses (inclusive of legal and other professional fees as well as receiver’s charges) thus incurred.

The payment schedule of the Consideration was determined after arm’s length negotiations between the Company and PAL. In view of the current market condition, PAL has sincerely expressed that installment payment of the Consideration as set out in the Agreement is the only feasible way as the sum involved is substantial. The Company has considered that according to the payment schedule of the Consideration, the Company will firstly receive HK\$96,400,000, representing almost half of the Consideration as at the Completion Date. During the negotiation with PAL, the Company also understood that the installment payment of the Balance as set out in the Agreement is the practical way for PAL. Instead, the Company may have to undergo litigation procedures to recover the Balance which the time and cost involved will be relatively high to the Company.

As disclosed in this circular, Mr. Chung is interested in 368,352,000 Shares which amounts to market value of approximately HK\$114 million as at the date of the Agreement. Based on the relationship between Mr. Chung & PAL and Mr. Chung being a substantial shareholder of the Company, the Directors considered PAL has the ability to settle the Balance and will endeavour to fulfill the payment schedule. The Company will issue written reminder to PAL for the Balance one month before each of the dates of payment. If PAL fails to repay the Balance, the Company shall take all necessary legal actions to recover the Balance after seeking legal advice.

LETTER FROM THE BOARD

If the Balance is not paid according to the schedule as set out in the Agreement, the Company shall entitle to charge the Default Interest on the entire amount outstanding (i.e. 2% per month) which means 24% per annum. With reference to the finance cost of the Group which is approximately 5% per annum and the average interest rate of approximately 13% per annum charged by the Group in the margin financing and financing business, the Default Interest is far higher than these. The Company regarded that the high Default Interest can reduce the risk of the installment payment of the Balance and compensate the Company if default of the payment occurred.

In light of the above, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion shall be subject to the following conditions precedent:

- (a) all necessary consents, confirmations, permits, approvals (including approval of the Disposal by the Shareholders) (collectively, the “**Necessary Approval**”) having been obtained by the Company, which Necessary Approval shall remain valid and effective up to and including the time immediately prior to Completion and not threatened with any suspension, cancellation, revocation or withdrawal at any juncture prior to Completion;
- (b) the Company remaining as registered holder of the CFFG CB as set out and recorded in the register of holders of the CFFG CB maintained by CFFG (the “**Register**”);
- (c) the Register not having been varied, revised, altered, amended or otherwise changed in any manner or at any time prior to Completion; and
- (d) the Relevant Convertible Bonds being free from any encumbrance whatsoever.

Save and except the above conditions precedent (b) to (d) which may be waived in whole or in part by the Company unilaterally, none of the above conditions precedent can be waived. The Parties shall use their respective best endeavours to ensure that the above conditions precedent (save and except such conditions precedent which has/have been waived by the Company unilaterally pursuant to the foregoing provisions of this clause) shall be fulfilled and/or satisfied as soon as possible after the execution of the Agreement, and in any event, no later than the Long Stop Date as set out below.

Save as otherwise stated, if any conditions precedent (save and except such conditions precedents which have been waived by the Company in accordance with the above clause) shall not have been fulfilled or satisfied on 25 March 2020, the Agreement shall, unless the Parties agree in writing to postpone the Long Stop Date to another date (being a Business Day), automatically terminate and cease to be of any effect, and none of the Parties shall have any claim of any nature or liabilities hereunder whatsoever against the other Party save for the Refund or any antecedent breaches of the terms thereof.

LETTER FROM THE BOARD

Completion

Subject to the fulfilment and satisfaction of the conditions precedent to the Agreement, Completion shall take place on the Completion Date.

INFORMATION ON PAL

PAL is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Best Fortress Limited, a company incorporated in the British Virgin Islands. Best Fortress Limited is owned as to 90% by Mr. Yip Sum Yin and as to 10% by Mr. Chung.

As at the Latest Practicable Date, Mr. Chung beneficially owns in aggregate of 369,144,000 Shares, out of which 368,352,000 being Shares representing approximately 29.92% of the entire issued share capital of the Company and 792,000 being share options representing approximately 0.06% of the entire issued share capital of the Company.

INFORMATION ON THE GROUP

The 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.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company expects to recognise an unaudited estimated disposal loss of approximately HK\$2,400,000 calculated with reference to (i) the total Consideration being the aggregate of cash payable by PAL of HK\$185,000,000 and the unaudited fair value of the Deposit being the outstanding VC CB held by PAL of approximately HK\$12,471,000 under the Disposal; (ii) the unaudited carrying amount of the Relevant Convertible Bonds of approximately HK\$94,000,000 and that of the Put Option of approximately HK\$105,600,000 as at the Completion Date; and (iii) estimated related transaction expenses of approximately HK\$300,000 payable by the Group in connection with the Disposal.

Upon Completion, the Company expects to record decreases in assets and liabilities of approximately HK\$14,600,000 and approximately HK\$12,200,000, respectively. As a result, the Company's net asset is expected to decrease by approximately HK\$2,400,000.

The final disposal gain or loss on the Disposal and the final effect of the Disposal on the assets and liabilities of the Company at the Completion Date is subject to audit of balances of relevant items above.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

References are made to the announcement of the Company dated 18 October 2017 and the circular of the Company dated 7 December 2017, the arrangement of the Put Option is a balance between the risk taken by PAL and downside protection given to the Company. As the Consideration to be received is higher than the aggregate market value of CFFG's shares upon conversion of the Relevant Convertible Bonds, the Directors are of the view that entering into the Agreement represents the exercise of the right to protect the investment of the Group. The schedule of settlement of the Consideration was after arm's length negotiations between the Company and PAL which represents a feasible settlement way as represented by PAL. The Directors are of the view that the transactions contemplated under the Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

It is expected that the net proceeds from the Disposal of approximately HK\$184,700,000 (being cash payable by PAL of HK\$185,000,000 less transaction cost of approximately HK\$300,000, excluding the Deposit used to offset the part Consideration which is a non-cash item) will be used as to (i) approximately HK\$50 million for general working capital of the Group; (ii) approximately HK\$84.7 million for expansion of financing business of the Group; and (iii) approximately HK\$50 million for development of new business when opportunities arise.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) under the Listing Rules in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Chung, a substantial shareholder of the Company is interested in aggregate of 368,352,000 Shares, representing approximately 29.92% of the entire issued share capital of the Company. Since Mr. Chung, a substantial shareholder of the Company and also a shareholder of PAL, has a material interest in the Disposal and the transactions contemplated under the Agreement, Mr. Chung and his associates would be required to abstain from voting on the relevant resolution(s) at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder (except for Mr. Chung) has a material interest in the Disposal and the transactions contemplated under the Agreement and is required to abstain from voting at the EGM in respect of the resolution approving the Disposal.

THE EGM

The EGM will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 19 March 2020 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Disposal and the transactions contemplated thereunder. The resolution approving the Disposal will be conducted by way of a poll at the EGM and an announcement on the results of the EGM will be made by the Company after the EGM.

A notice of EGM is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from subsequently attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Board considers that the terms of the Disposal and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Agreement and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Value Convergence Holdings Limited
Fu Yiu Man, Peter
Chairman & Executive Director

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the three years ended 31 December 2016, 2017 and 2018 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been set out in the following documents which have been published on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.vcgroup.com.hk>). Please refer to the hyperlinks as stated below:

- (i) 2016 annual report, published on 19 April 2017, pages 60-124:
<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0419/LTN20170419257.pdf>
- (ii) 2017 annual report, published on 2 April 2018, pages 60-124:
<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0402/LTN20180402281.pdf>
- (iii) 2018 annual report, published on 18 April 2019, pages 123-307:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/lt20190418962.pdf>
- (iv) 2019 interim report, published on 19 September 2019, pages 29-82:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0919/lt20190919123.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2020, being the latest practicable date for the purpose of our indebtedness statement, the indebtedness of the Group was as follows:

Borrowings and banking facilities

As at 31 January 2020, the Group held convertible bonds of principal amount of approximately HK\$33 million and interest payable of approximately HK\$1.4 million which is owed to the bondholders. The amount was unsecured and unguaranteed.

Save as the convertible bonds above, the Group did not have any material

- (i) debt securities or terms loans;
- (ii) borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments;
- (iii) mortgages or charges; and
- (iv) contingent liabilities or guarantees.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that taking into account of the Group's internal resources, cash flow from operations and the net proceeds from the Disposal, the Group will have sufficient working capital for a period of 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Group recorded unaudited consolidated loss attributable to Shareholders for the six months ended 30 June 2019 of approximately HK\$68 million as compared to approximately HK\$320 million the same period in 2018. The decrease was mainly attributable to (i) absence of loss on acquisition of financial assets at fair value through profit or loss; (ii) substantial reduction in fair value change on financial assets at fair value through profit or loss; (iii) decrease in recognition of net realised and unrealised loss on financial assets held for trading; (iv) absence of share-based payment expense incurred pursuant share options granted by the Company; and (v) reduction in imputed interest in convertible bonds issued by the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2018 being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The 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.

As disclosed in the interim report for the six months ended 30 June 2019 of the Company, the Group's business strategies continue to include enlarging its revenue base through fostering its core businesses, and tapping into new emerging markets with expanded business initiatives. While applying the Group's excellent operational capabilities to serve its clients, the Group will devote increased resources to business diversification and acquisition when opportunities arise, with the view to strengthening its 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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in the shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or (b) were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(I) Long position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Wong Chung Kin, Quentin	Beneficial owner	500,000	0.04%

Note: As at the Latest Practicable Date, the Company's total issued ordinary shares was 1,230,951,598.

(II) Long position in underlying Shares of the Company

Interests in share options of the Company

Name of Director	Outstanding as at the Latest Practicable Date
Mr. Fu Yiu Man, Peter	7,484,000
Mr. Lin Hoi Kwong, Aristo	7,940,000
Mr. Wong Chung Kin, Quentin	200,000
Mr. Wong Kam Choi, Kerry, MH	200,000
Mr. Siu Miu Man, Simon, MH	200,000

Note: The share options disclosed above were granted on 24 January 2018 under a share option scheme adopted by the Company on 8 June 2009 and exercisable during the period from 24 January 2018 to 23 January 2021 at an exercise price of HK\$1.67 per Share.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' and other person' interests and short positions in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(I) Long position in the Shares

Name of Shareholder	Capacity	Number of Shares held	Total	Approximate percentage of issued share capital of the Company (%)	Notes
				(Note 1)	
Mr. Chung Chi Shing, Eric	Beneficial owner	293,352,000	368,352,000	29.92	2
	Interest in controlled corporation	75,000,000			
Power Global Group Limited	Beneficial owner	75,000,000	75,000,000	6.09	2
Mr. Wong Kin Ting	Interest in controlled corporation	79,000,000	79,000,000	6.42	3
Grade Rich Investments Limited	Beneficial owner	79,000,000	79,000,000	6.42	3

(II) Long position in underlying Shares*Interests in share options of the Company*

Holder of share options	Capacity	Number of share options held
Mr. Chung Chi Shing, Eric	Beneficial owner	792,000 (Note 4)

Notes:

1. As at the Latest Practicable Date, the Company's total issued ordinary shares was 1,230,951,598.
2. Mr. Chung Chi Shing, Eric ("**Mr. Chung**"), a former executive Director who resigned on 2 March 2018, is beneficially interested in (i) 293,352,000 Shares and (ii) 792,000 share options granted by the Company, and is deemed to be interested in 75,000,000 Shares owned by Power Global Group Limited, the entire issued shares of which is legally and beneficially owned by Mr. Chung, under Part XV of the SFO.
3. Mr. Wong Kin Ting ("**Mr. Wong**") is deemed to be interested in 79,000,000 Shares owned by Grade Rich Investments Limited, the entire issued shares of which is legally and beneficially owned by Mr. Wong, under Part XV of the SFO.
4. Share options were granted on 24 January 2018 under a share option scheme adopted by the Company on 8 June 2009 and exercisable during the period from 24 January 2018 to 23 January 2021 at an exercise price of HK\$1.67 per Share.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

- (1) the sale and purchase agreement dated 8 March 2018 entered into between CVP Financial Group Limited (遠見金融集團有限公司) as vendor and Apex Treasure International Limited (“**Apex**”), an indirect wholly-owned subsidiary of the Company, as purchaser in relation to the acquisition of 18 issued shares of Hackett Enterprises Limited (“**Hackett**”), representing 18% of the entire issued share capital in Hackett, for a consideration of HK\$160,000,000. Such acquisition was completed on 8 June 2018;
- (2) the memorandum of understanding dated 13 June 2018, the conditional sale and purchase agreement dated 29 June 2018, the supplemental agreement dated 31 October 2018, the second supplemental agreement dated 30 November 2018, and the third supplemental agreement dated 31 December 2018 entered into between VC Global Investments Limited, an indirect wholly-owned subsidiary of the Company as purchaser and Mr. Ting Pang Wan Raymond as vendor in relation to the acquisition of the entire issued share capital in Bright Element Investments Limited and the sale loan, for a total consideration of HK\$257,200,000, which was proposed to be settled by procuring the Company to issue of the convertible bonds in the principal amount of HK\$257,200,000. Reference is made to the announcement of the Company dated 31 January 2019, the abovementioned agreements have lapsed;

- (3) the memorandum of understanding dated 24 June 2018 entered into between INITIAL HONOUR LIMITED, an indirect wholly-owned subsidiary of the Company as purchaser and Mr. Chong, Wing Chuen Vincent, as vendor in relation to the proposed acquisition of the sale shares, representing 49% equity interest in BTCC Pool Limited, at a consideration of HK\$147,000,000 and is expected to be satisfied by a combination of cash and consideration shares at the issue price of HK\$1.5 per consideration share;
- (4) the placing and subscription agreement dated 26 June 2018 entered into between Shenwan Hongyuan Securities (H.K.) Limited (the “**Placing Agent**”) and Mr. Chung Chi Shing, Eric, a substantial Shareholder (“**Mr. Chung**”) whereby (i) Mr. Chung agreed to appoint the Placing Agent and the Placing Agent agreed to act as agent of Mr. Chung and used its best endeavour to procure not less than six placees for up to 60,000,000 sale shares at HK\$1.45 per sale share; and (ii) Mr. Chung agreed to subscribe for up to 60,000,000 subscription shares at HK\$1.45 per subscription share. Reference is made to the Company’s announcement dated 10 July 2018, completion of the placing took place on 29 June 2018 and a total of 50,904,000 sale shares were successfully placed to not less than six placees at HK\$1.45 per sale share and completion of the subscription took place on 10 July 2018 whereby a total of 50,904,000 subscription shares were allotted and issued to Mr. Chung at HK\$1.45 per subscription share;
- (5) the investment agreement dated 27 February 2019 entered into between Massive Benefit (HK) Limited, an indirect wholly-owned subsidiary of the Company, Beijing Sky Jingshi Investment Co., Ltd., Beijing Taihe Zhongcheng Management Technology Center and Beijing Shuntong Taida Aviation Ground Service Co. Ltd (“**Beijing Shuntong**”) in relation to a capital investment of RMB15,000,000 in cash to subscribe for 15% equity interest in Beijing Shuntong. Reference is made to the announcement of the Company dated 28 June 2019, the Company entered into a termination agreement on 28 June 2019 with the parties to terminate the investment agreement;
- (6) the subscription agreement dated 1 July 2019 entered into between the Company and Macarthur Court Acquisition Corp., a company incorporated in California, the United States of America as a subscriber in relation to (i) the subscription for the initial subscription shares at the initial subscription money of HK\$99,000,000; and (ii) the option but not the obligation to subscribe for the further subscription shares at the further subscription money of HK\$36,000,000 and the convertible bonds at its aggregate principal amount of HK\$99,000,000 within one (1) year of the initial completion date (the “**Macarthur Subscription**”). Reference is made to the announcement of the Company dated 3 January 2020, the Macarthur Subscription has lapsed;

- (7) the loan agreement dated 7 January 2019 and the supplemental agreement dated 28 March 2019, the second supplemental agreement dated 27 September 2019 and the third supplemental agreement dated 11 October 2019 entered into between VC Finance Limited, an indirect wholly-owned subsidiary of the Company and Ding Lu (“**Mr. Ding**”), being an individual and an independent third party to the Company and its connected persons in relation to the loan granted by the Company in the initial principal amount of HK\$8 million to Mr. Ding for a term of six months with interest rate of 1.5% per month, and the second supplemental agreement was in relation to the increase of the loan amount to HK\$25 million and the lender agreed to grant the loan secured by the charged shares for a term of six months with interest rate of 1.5% per month; and
- (8) the Agreement.

8. GENERAL INFORMATION OF THE COMPANY

- (a) The company secretary of the Company is Mr. Lai Yick Fung, who is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is at 6th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over their respective Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at 6th Floor, Centre Point, 181–185 Gloucester Road, Wanchai, and Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the articles of association of the Company;
- (b) the letter from the Board, the text of which is set out in the section under the heading “Letter from the Board” on pages 5 to 12 of this circular;

- (c) the material contracts as referred to in the paragraph headed “7. MATERIAL CONTRACTS” in this appendix to this circular;
- (d) the annual reports of the Company for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018, respectively; and the interim report of the Company for the six months ended 30 June 2019; and
- (e) this circular.

NOTICE OF THE EGM



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Value Convergence Holdings Limited (the “Company”) will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 19 March 2020 at 11:00 a.m. for the purpose of considering, and if thought fit, with or without amendments or modifications, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “THAT:

- (a) the agreement dated 24 January 2020 (the “Agreement”) entered into between the Company and Pacific Alliance Limited (“PAL”) in respect of the Disposal (as defined in the circular of the Company dated 3 March 2020 (“Circular”), a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved (terms as defined in the Circular having the same meanings when used in this resolution); and
- (b) any one of the directors of the Company (“Director(s)”) be and is hereby authorized to do all such acts and things, to sign and execute such documents or agreements on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Agreement) as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 3 March 2020

NOTICE OF THE EGM

Registered office:

6th Floor, Centre Point,
181-185 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, must be deposited at the Company's share registrar and transfer office, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting thereof.
3. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wishes.
4. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.
5. Pursuant to the Listing Rules, the resolution set out in this notice of EGM will be put to Shareholders to vote taken by way of a poll.

As at the date of this notice, 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.