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If you are in any doubt as to any aspect about 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 in Value Convergence Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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VALUE CONVERGENCE HOLDINGS LIMITED
滙盈控股有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

Stock Code: 8101

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

A notice convening the annual general meeting (“Annual General Meeting”) of Value Convergence Holdings Limited (the “Company”) to be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong at 11:00 a.m. on 19th April, 2004 is contained in the annual report of the Company for the 15 month period ended 31st December, 2003 (the “Annual Report”). Whether or not you are able to attend such meeting, please complete and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon to the registered office of the Company at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof (as the case may be) should you so wish.

This circular will remain on the “Latest Company Announcement” page of the GEM website at www.hkgem.com for at least 7 days of the date of its publication and on the website of the Company at www.valueconvergence.com.

26th March, 2004

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings.

“Annual Report”	the annual report of the Company for the 15 month period ended 31st December 2003;
“AGM”	the annual general meeting of the Company to be held on 19th April, 2004 at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong;
“Board”	the board of Directors;
“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 whose shares are listed on GEM;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	means 22nd March, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“SFC”	the Securities and Futures Commission;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



VALUE CONVERGENCE HOLDINGS LIMITED

滙盈控股有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

Stock Code: 8101

Executive Directors:

Dr. Ho Hung Sun, Stanley
Ho Yau Lung, Lawrence
Ko Chun Fung, Henry
Dr. Lee Jun Sing

*Registered office, head office and
principal place of business:*

28th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong

Non-executive Directors:

Cheng Kar Shing, Peter
Fung Hoo Wing, Thomas
Leong On Kei, Angela

Independent non-executive Directors:

Tsui Yiu Wa, Alec
Patajo – Kapunan, Lorna

26th March, 2004

To the shareholders of the Company

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE AND ISSUE SECURITIES

1. INTRODUCTION

As released by the Company pursuant to an announcement dated 18th March, 2004, the audit of the accounts of the Group for the 15 month period ended 31st December, 2003 was completed. The Company proposes to hold the AGM in which the shareholders of the Company will be asked to consider, and if thought fit, to pass resolutions to adopt the audited consolidated accounts of the Group for the 15 month period ended 31st December, 2003 and the reports of the Directors and auditors, to give a general mandate to the Directors to exercise the powers of the Company to repurchase and to issue securities, and to deal with other business of the Company. Details of these resolutions are set out in the notice of the AGM which is contained in pages 89 to 92 of the Annual Report. The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase and to issue securities in order to enable you to make an informed decision on whether to vote for or against the respective resolutions nos. 4 to 6 to be proposed at the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

On 9th April, 2003, a general mandate was given to the Directors to exercise the powers of the Company to repurchase up to 23,815,499 Shares. Such mandate will lapse at the conclusion of the AGM. An ordinary resolution will therefore be proposed at the AGM to give a general mandate to the Directors to exercise the powers of the Company to repurchase on the Stock Exchange the Shares up to a maximum of 10% of the Company's issued share capital outstanding as at the date of passing of the resolution (the "Repurchase Mandate"). In addition, if the resolutions to authorise the Repurchase Mandate and the Issue Mandate (as defined below) are passed, a resolution will be proposed to extend the authority of the Directors under the Issue Mandate by an amount equal to the aggregate nominal amount of any Shares repurchased by the Company under the authority so granted.

As at the Latest Practicable Date, the issued share capital of the Company comprised 238,154,999 Shares.

Subject to the passing of the ordinary resolution relating to the Repurchase Mandate at the AGM and on the basis that no further Shares or other securities are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 23,815,499 Shares.

An explanatory statement as required under the GEM Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in the appendix to this circular.

During each of the six months preceding the date of this circular, the Company has not repurchased any Shares on the Stock Exchange.

3. GENERAL MANDATE TO ISSUE SECURITIES

At the AGM, a resolution will also be proposed that the Directors be given a general mandate to issue securities up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date the resolution is passed (the "Issue Mandate") in order to ensure flexibility and discretion to the Directors to issue securities. In addition, a resolution will be proposed to extend the Issue Mandate by adding to it the nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of such resolution.

4. ANNUAL GENERAL MEETING

The notice of the AGM, which contains, inter alia, ordinary resolutions to approve the Repurchase Mandate and the Issue Mandate, is set out in the Annual Report accompanying this circular.

There is enclosed in the Annual Report a form of proxy for use at the AGM. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy and return it in accordance with the instructions printed thereon to the registered office of the Company at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Directors believe that the adoption of the audited consolidated accounts of the Group and the reports of the Directors and auditors for the period from October 2002 to December 2003, granting of the general mandates to the Directors to repurchase and to issue securities, and the approval of the other business are in the best interests of the Company as well as the shareholders and accordingly, the Directors recommend the shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

6. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

By order of the board of
Value Convergence Holdings Limited
Ko Chun Fung, Henry
Executive Director

This explanatory statement, as required by the GEM Listing Rules, provides you with requisite information for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL AND EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised 238,154,999 Shares.

Subject to the passing of the ordinary resolution relating to the Repurchase Mandate at the AGM and on the basis that no further Shares or other securities are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 23,815,499 Shares (representing 10 per cent. of the Company's issued share capital as at the Latest Practicable Date) during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the shareholders of the Company in general meeting.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and the articles of association of the Company and the Companies Ordinance. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report) in the event that the proposed repurchases of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date:

Month	Highest trade price HK\$	Lowest trade price HK\$
2003		
March	0.670	0.600
April	0.620	0.530
May	0.540	0.400
June	0.480	0.400
July	0.400	0.350
August	1.000	0.365
September	0.880	0.690
October	0.980	0.650
November	0.750	0.680
December	0.700	0.600
2004		
January	0.700	0.600
February	0.720	0.590

5. REPURCHASES IN THE PAST SIX MONTHS

During each of the six months preceding the date of this circular, the Company has not repurchased any of its Shares.

6. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates has any present intention, in the event that the proposed general mandate is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the GEM Listing Rules) has notified the Company that he/she/it has any present intention to sell Shares to the Company nor has undertaken not to do so in the event that the Company is authorized to make repurchases of its own shares.

7. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Repurchase Mandate in accordance with the GEM Listing Rules, the Companies Ordinance and the regulations set out in the memorandum and articles of association of the Company.

8. EFFECT OF TAKEOVER CODE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeover Code. As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Melco Finance and Technology Limited is interested in approximately 67.57 per cent. of the existing issued share capital of the Company. In the event that the Directors should exercise in full the Repurchase Mandate, the shareholding of Melco Finance and Technology Limited in the Company will be increased to approximately 75.08 per cent. of the issued share capital of the Company. To the best of the knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the Takeover Code. The Directors have no present intention to repurchase the Shares to the extent that it will trigger the obligations under the Takeover Code to make a mandatory offer.