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If you have sold or transferred all your shares in Value Convergence Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, the licensed securities dealer 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**

(Incorporated in Hong Kong with limited liability)

Website: <http://www.valueconvergence.com>

(Stock Code: 821)

DISCLOSEABLE TRANSACTION**ESTABLISHMENT OF JOINT VENTURE COMPANIES**

A letter from the Board is set out on pages 3 to 9 of this circular. Further information with regard to the Company is set out in the appendix to this circular.

Other than Macquarie Bank Limited ABN 46 008 583 542 (“MBL”), any Macquarie group entity noted in this circular is not an authorised deposit taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and that entity’s obligations do not represent deposits or other liabilities of MBL. MBL does not guarantee or provide assurance in respect of the obligations of that entity, unless noted otherwise.

22 August 2008

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Land from the Sellers by the Buyer pursuant to the terms of the Undertaking and a sale and purchase deed to be entered into by the Buyer and the Sellers in September 2008
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Buyer”	Guia Hill (Macau) Investments Limited, a limited company incorporated in Macau which is an indirect subsidiary of the JV Company
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Directors”	the directors of the Company
“Down Payment”	the down payment of HK\$50 million, which shall be delivered by the Buyer to the Sellers upon the signing of the Undertaking
“Fund”	a wholesale fund which will be formed within 2008 by way of transition from the JV Company upon introduction of third party investors, with Macquarie Macau, VC Financial and such third party investors as its investors
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	MVC Macau Property Development Fund Limited, a company incorporated in Bermuda with limited liability, which is being held as to 50% by each of Macquarie Macau and VC Financial
“Land”	a vacant and undeveloped piece of land located at Estrada de Cacilhas, São Lázaro, Macau, described at the Land and Buildings Registry of Macau under registration number 20450 on folio 140v of book B44, with a site area of approximately 2,373 sq.m.
“Latest Practicable Date”	19 August 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“Macquarie Macau”	Macquarie Macau Holdings Pty Limited, a company incorporated in Australia with limited liability and a subsidiary of Macquarie Group Limited
“MBL”	Macquarie Bank Limited, a subsidiary of Macquarie Group Limited, which is a company incorporated in Australia with limited liability, the shares of which are listed on the Australian Stock Exchange
“PRC”	the People’s Republic of China
“Sellers”	Ms. Lao Wan I, Ms. Chan Wai, Mr. Lam Ion Fun and Ms. Lo Lai Yee, the rightful tenants and holders of the Land under a perpetual lease from the government of Macau
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders’ Agreement”	a shareholders’ agreement dated 4 August 2008 entered into between the JV Company, Macquarie Macau and VC Financial for the purpose of governing the business and operations of the JV Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the establishment of the JV Company pursuant to the Shareholders’ Agreement and the Acquisition
“Undertaking”	a legally-binding undertaking dated 4 August 2008 entered into by the Buyer and the Sellers in relation to the undertaking by the Buyer to the Sellers for the Acquisition
“USD”	United States dollars, the lawful currency of the United States of America
“Valuer”	Savills (Macau) Limited, an independent valuer appointed for the valuation of the Land for the purpose of the Acquisition
“VC Financial”	VC Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

For illustration purposes only, conversion of USD into HK\$ in this circular is based on the approximate exchange rate of USD1.00 to HK\$7.72. No representation is made that any amount in HK\$ or USD can be converted at such rate or at any other rates.

LETTER FROM THE BOARD



VALUE CONVERGENCE HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Website: <http://www.valueconvergence.com>

(Stock Code: 821)

Directors:

Mr. Ho, Lawrence Yau Lung* (*Chairman*)

Mr. Patrick Sun# (*Chief Executive Officer*)

Mr. Tsui Che Yin, Frank#

Dr. Lee Jun Sing*

Dr. Tyen Kanhee, Anthony+

Mr. Sham Sui Leung, Daniel+

Mrs. Chu Ho Miu Hing+

Registered office:

28th Floor

The Centrium

60 Wyndham Street

Central

Hong Kong

Executive Director

* *Non-executive Director*

+ *Independent Non-executive Director*

22 August 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ESTABLISHMENT OF JOINT VENTURE COMPANIES

INTRODUCTION

On 5 August 2008, it was announced by the Board that on 4 August 2008, VC Financial, a wholly-owned subsidiary of the Company, had entered into a shareholders' agreement with Macquarie Macau for the establishment of the JV Company, which is held as to 50% by each of VC Financial and Macquarie Macau. Each of VC Financial and Macquarie Macau will contribute HK\$95 million to the JV Company. It is intended that third party investors will be introduced and the JV Company will undergo transition to become the Fund within the year 2008.

On the same day, it was also announced by the Board that on 4 August 2008, the JV Company, through the Buyer which is its indirect subsidiary, had entered into the Undertaking with the Sellers, pursuant to which the Buyer undertakes to acquire the Land from the Sellers at a consideration of HK\$300 million. The consideration of the Acquisition shall be satisfied as to 40% (being approximately

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HK\$120 million) by way of external bank financing and as to 60% (being approximately HK\$180 million) by the JV Company, by way of the aforesaid contribution to the JV Company by Macquarie Macau and VC Financial in equal shares. It is expected that a formal sale and purchase deed for the Acquisition will be signed in September 2008.

The acquisition of the Land will serve as a seed project of the Fund to attract third party investors to invest in the Fund. Upon successful introduction of third party investors, the JV Company will undergo a transition to become the Fund. The Shareholders' Agreement will be terminated and the Fund will be managed, in accordance with an investment management agreement, by VC Property Asset Management Limited, an investment manager which has been established by MBL and VC Financial on a 50:50 basis. The terms and conditions of the investment management agreement have not yet been determined.

ESTABLISHMENT OF THE JV COMPANY

For the purpose of establishing the JV Company, Macquarie Macau and VC Financial have entered into the Shareholders' Agreement with the following salient terms:

Date

4 August 2008

Parties Involved

- (i) Macquarie Macau
- (ii) VC Financial
- (iii) the JV Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Macquarie Macau and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Scope of Business

Investment in residential property development projects in Macau

Share Capital and Capital Contribution

The share capital of the JV Company shall be USD200 (approximately HK\$1,540), divided into 200 shares of par value of USD0.00001 each and issued to Macquarie Macau and VC Financial at USD1.00 per share, which shall be held as to 100 shares by each of Macquarie Macau and VC Financial.

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Apart from the share capital of USD200 (approximately HK\$1,540), the contribution into the JV Company shall be made by way of shareholder's loans, which shall be paid by Macquarie Macau or its associate and VC Financial or its associate into the JV Company (or its relevant subsidiary) not less than two business days before each occasion when the JV Company (or its relevant subsidiary) enters into an agreement in relation to residential development projects. The maximum cumulative contribution by each of Macquarie Macau and VC Financial (and their associates) is HK\$95 million. Such contribution of HK\$95 million by VC Financial or its associate into the JV Company will be satisfied by internal resources of the Group.

If additional contribution into the JV Company (or its relevant subsidiary) is required and one of the shareholders declines to make additional contribution whilst the other agrees to do so, the relative equity interests of the shareholders in the JV Company will be varied to reflect the proportion of shareholder's loan contribution made by each shareholder or its associate, provided that the interest of VC Financial in the JV Company shall not be less than 25% at all times unless VC Financial otherwise consents. Other than the aforesaid capital contribution of HK\$95 million, the Company does not presently foresee any further capital commitment into the JV Company. If the Company incurs any further capital commitment into the JV Company, such further capital commitment may be aggregated with the aforesaid capital contribution of HK\$95 million, and the Company will comply with the disclosure requirements under the Listing Rules as appropriate.

Board Composition

The board of the JV Company will comprise of a maximum of four directors, of which two shall be nominated by Macquarie Macau and two shall be nominated by VC Financial. The quorum for board meetings is two directors comprising one of each of the directors nominated by Macquarie Macau and VC Financial. The Chairman of the board of the JV Company (who shall be a director nominated by Macquarie Macau in the first year and a director nominated by VC Financial in the following year) shall have no casting vote.

Establishment of the Fund

It is intended that the JV Company will undergo a transition to become the Fund upon successful introduction of third party investors within 2008, such that Macquarie Macau, VC Financial and such third party investors shall become investors of the Fund. If the JV Company fails to become the Fund, Macquarie Macau and VC Financial agree that they shall seek to realize the investment to gain the best possible return at the appropriate time.

ACQUISITION OF THE LAND BY THE JV COMPANY

In order to acquire the Land as a seed project to attract third party investors as investors of the Fund, the JV Company, through the Buyer which is its indirect subsidiary, entered into the Undertaking for the Acquisition. The Undertaking is legally binding. The salient terms of the Undertaking are as follows:

LETTER FROM THE BOARD

Date

4 August 2008

Parties Involved

- (i) the Buyer
- (ii) the Sellers

The Buyer is an indirect subsidiary of the JV Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Sellers are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Information on the Land

The Land, which is currently vacant and undeveloped, is located at Estrada de Cacilhas, São Lázaro, Macau, described at the Land and Buildings Registry of Macau under number 20450 on folio 140v of book B44 and has a total site area of approximately 2,373 sq.m. The Land is held by the Sellers under a perpetual lease from the government of Macau.

Consideration

The consideration for the Acquisition is HK\$300 million. The consideration has been arrived at after arm's length negotiations between the parties to the Undertaking, with reference to the market value of the Land as at 16 July 2008 of approximately HK\$360 million as estimated by the Valuer.

The consideration will be payable in the following manner:

- (i) HK\$50 million will be delivered to the Sellers upon the signing of the Undertaking, which includes an amount of HK\$35 million already held in escrow which will be released to the Sellers; and
- (ii) HK\$250 million will be released to the Sellers in the form of bank cheques made payable to the Sellers upon Completion.

The consideration of the Acquisition of HK\$300 million shall be satisfied as to 40% (being approximately HK\$120 million) by way of external bank financing and as to 60% (being approximately HK\$180 million) by the JV Company by way of the contribution to the JV Company by Macquarie Macau and VC Financial in equal shares.

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The Sellers and the Buyer agree that they shall execute a sale and purchase deed for the transfer of the Land and proceed to Completion no later than 45 days after the date of the Undertaking. It is expected that a formal sale and purchase deed for the Acquisition will be signed in September 2008. All stamp duty, notary and registration fees arising out of the transactions contemplated under the Undertaking shall be borne by the Buyer.

Conditions precedent

Completion is subject to and conditional upon satisfaction of the following conditions precedent:

- (i) that there is no breach of any of the Sellers' warranties and representations as set out in the Undertaking or of the terms of the Undertaking;
- (ii) the Buyer obtaining HK\$120 million debt financing to finance the purchase of the Land on terms satisfactory to the Buyer;
- (iii) that all necessary approvals as may be required under the listing rules issued by the Stock Exchange and other regulatory authorities in Hong Kong are obtained by the Buyer; and
- (iv) that the Buyer has not received any confirmation from the Government of Macau indicating that it is unlikely that approval will be granted for the Buyer to undertake a residential development on the Land before Completion.

As at the Latest Practicable Date, none of the conditions above have been fulfilled.

The Buyer may, without any penalty, terminate the Undertaking if any of the above conditions precedent is not satisfied or otherwise waived by the Buyer on or before Completion. Upon termination of the Undertaking through no fault of the Sellers, the Sellers shall return the Down Payment in full to the Buyer. This is without prejudice to the remedies available to the Buyer upon a breach of any of the Seller's obligations under the Undertaking.

FINANCIAL EFFECTS OF THE TRANSACTION

The contribution of HK\$95 million by VC Financial or its associate into the JV Company will be satisfied by internal resources of the Group. It is expected that the Transaction will have no material impact on the Group's assets and liabilities, and will have no adverse effect on the liquidity of the Group.

Upon the transition of the JV Company to become the Fund, the Fund will be managed, in accordance with an investment management agreement, by VC Property Asset Management Limited, an investment manager which has been established by MBL and VC Financial on a 50:50 basis. Although the investment management agreement has not yet been finalised, it is expected that VC Property Asset Management Limited will receive investment management fees as the investment manager of the Fund. In addition, being an investor in the Fund, the Group will be able to capture any future capital appreciation opportunities of the investments made by the Fund.

LETTER FROM THE BOARD

Since the JV Company will be held as to 50% by each of Macquarie Macau and VC Financial, the JV Company will not be treated as a subsidiary but will be treated as a jointly controlled entity and will be equity accounted for in the financial statements of the Group. Upon the transition of the JV Company to become the Fund, the Fund will be treated as an investment in the financial statements of the Group.

REASONS FOR THE TRANSACTION

It was announced by the Company on 2 May 2008 that the Company proposed to set up a real estate private equity fund focusing on the investment of residential properties in Macau.

In light of the growth in gross domestic product and the future prospects of the residential market in Macau, the Company and Macquarie Macau entered into the Transaction to capture the opportunity in the residential property market in Macau. The acquisition of the Land will serve as a seed project of the Fund to attract third party investors to invest in the Fund. Upon successful introduction of third party investors, the JV Company will undergo a transition to become the Fund. The Shareholders' Agreement will be terminated and the Fund will be managed, in accordance with an investment management agreement, by VC Property Asset Management Limited, an investment manager which has been established by MBL and VC Financial on a 50:50 basis. Although the investment management agreement has not yet been finalised, it is expected that VC Property Asset Management Limited will act as the investment manager of the Fund and will receive investment management fees. In addition, being an investor in the Fund, the Group will be able to capture any future capital appreciation opportunities of the investments made by the Fund. A further announcement will be made by the Company in respect of the transition of the JV Company into the Fund as and when appropriate.

The Directors (including the independent non-executive Directors) consider that the Transaction is in line with the business strategy of the Group, and would widen the income base of the Group. The Directors (including the independent non-executive Directors) also consider that the Transaction is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE JV COMPANY, THE FUND AND THE BUYER

The JV Company, incorporated in Bermuda, is principally engaged in investing in residential properties in Macau and the operations of which are governed by the Shareholders' Agreement. Upon introduction of third party investors, the JV Company will undergo a transition to become the Fund.

It is intended that the investment focus of the Fund will be mid to high end residential properties in Macau. Upon establishment of the Fund, the Shareholders' Agreement will be terminated and the Fund will be managed, in accordance with an investment management agreement, by VC Property Asset Management Limited, an investment manager which has been established by MBL and VC Financial on a 50:50 basis. In addition, a shareholders' deed will be entered into amongst the shareholders of the Fund to govern their respective rights and obligations. The terms and conditions of the shareholders' deed and the investment management agreement in respect of the Fund are yet to be finalised.

The Buyer is a limited company incorporated in Macau and is an indirect subsidiary of the JV Company. The Buyer is principally engaged in investment holding.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability with its shares listed on the Main Board of the Stock Exchange. The Group is principally engaged in securities, futures and option contracts brokerage mainly on the Stock Exchange and the provision of other related financial services including margin financing, securities underwriting, placing arrangements, assets management and corporate finance advisory services focusing on the markets in Hong Kong, Macau and the PRC.

INFORMATION ON THE MACQUARIE GROUP

Macquarie Macau is a company incorporated in Australia with limited liability and a subsidiary of MBL which, in turn, is a subsidiary of Macquarie Group Limited. Macquarie Group Limited is a company incorporated in Australia with limited liability with its shares listed on the Australian Stock Exchange. Macquarie Group Limited, together with its subsidiaries, offers a diverse range of banking, financial, advisory and investment services.

IMPLICATIONS UNDER THE LISTING RULES

As the contribution of the Group in the JV Company, which amounts to HK\$95 million, exceeds 5% but is less than 25% of the applicable ratio of the Company as defined under Rule 14.06 of the Listing Rules, the Transaction constitutes a discloseable transaction for the Company under the Listing Rules.

GENERAL

Your attention is also drawn to the information as set out in the appendix to this circular.

Yours faithfully,
By order of the Board of
Value Convergence Holdings Limited
Patrick Sun
Chief Executive Officer and Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the 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, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the relevant interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the shares of the Company

Name of Directors	Nature of interests	Notes	Number of shares/ underlying shares interested	Approximate percentage of shares interested
Mr. Ho, Lawrence Yau Lung	Corporate	(2)	165,163,008	44.50%
	Personal	(4)	491,057	0.13%
Dr. Lee Jun Sing	Corporate	(3)	6,299,702	1.70%
	Personal	(4)	491,057	0.13%
Mr. Patrick Sun	Personal		420,000	0.11%
	Personal	(4)	2,400,000	0.65%

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company was 371,169,772.
- As at the Latest Practicable Date, Mr. Ho, Lawrence Yau Lung was taken to be interested in (i) 160,930,381 shares as a result of him being beneficially interested in approximately 34.06% of the issued share capital of Melco International Development Limited ("Melco") which, in turn, held approximately 43.36% of the issued share capital of the Company; and (ii) 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, held approximately 1.14% of the issued share capital of the Company.
- As at the Latest Practicable Date, Dr. Lee Jun Sing was 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, held approximately 1.70% of the issued share capital of the Company.
- The personal interests of the relevant Directors represent their respective derivative interests in the Company comprising the share options as more particularly mentioned in the sub-section headed "Interests in equity derivatives of the Company" below.

(ii) Interests in equity derivatives of the Company*(a) Share options granted by the Company*

Pursuant to the share option scheme adopted by the Company on 29 November 2001 (the “GEM Share Option Scheme”), as at the Latest Practicable Date, the Directors had options granted by the Company to subscribe for the shares of the Company as follows:

Name of Directors	Date of grant	Exercise price per share HK\$	Number of underlying shares comprised in the options outstanding	Approximate percentage of total issued share capital	Expiry date
Mr. Ho, Lawrence Yau Lung	9 July 2002	1.00	491,057	0.13%	8 July 2012
Dr. Lee Jun Sing	9 July 2002	1.00	491,057	0.13%	8 July 2012
Mr. Patrick Sun	27 December 2006	1.292	2,400,000	0.65%	26 December 2016

The operation of the GEM Share Option Scheme was conditionally terminated by the Board on 7 August 2008. The termination of the GEM Share Option Scheme became effective upon the transfer of listing of the shares of the Company from the Growth Enterprise Market to the Main Board of the Stock Exchange on 15 August 2008. Pursuant to the GEM Share Option Scheme, the outstanding options previously granted but unexercised under the GEM Share Option Scheme will remain valid and exercisable in accordance with their terms of issue.

(b) Awarded shares granted by the Company

As at the Latest Practicable Date, the following director had awarded shares, which were granted by the Company pursuant to the share purchase scheme (a share incentive award scheme) adopted by the Company on 31 March 2008, as follows:

Name of Director	Date of grant	Number of awarded shares outstanding	Vesting date
Mr. Patrick Sun	18 August 2008	420,000	1 April 2009
	18 August 2008	420,000	1 April 2010

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 they have taken or deemed to have under

such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

3. SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Notes	Capacity	Number of shares held	Approximate shareholding percentage
Melco Financial Group Limited	(2)	Beneficial owner	160,930,381	43.36%
Melco International Development Limited	(3)	Held by controlled corporation	160,930,381	43.36%
Ms. Lo Sau Yan, Sharen	(4)	Family	165,654,065	44.63%
ASM Asia Recovery (Master) Fund	(5)	Beneficial owner	23,500,000	6.33%
Argyle Street Management Limited	(5)	Investment manager	27,000,000	7.27%
Argyle Street Management Holdings Limited	(5)	Held by controlled corporations	27,000,000	7.27%
Mr. Chan Kin	(5)	Held by controlled corporations	27,000,000	7.27%

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company was 371,169,772.
- Melco Financial Group Limited is a wholly-owned subsidiary of Melco. Mr. Ho, Lawrence Yau Lung and Mr. Tsui Che Yin, Frank are directors of Melco Financial Group Limited.
- As at the Latest Practicable Date, Melco was taken to be interested in 160,930,381 shares as a result of Melco being beneficially interested in the entire issued share capital of Melco Financial Group Limited. Mr. Ho, Lawrence Yau Lung and Mr. Tsui Che Yin, Frank are executive directors of Melco and Mr. Sham Sui Leung, Daniel is an independent non-executive director of Melco.
- Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and is deemed to be interested in Shares in which Mr. Ho, Lawrence Yau Lung is interested in under the SFO.
- As at the Latest Practicable Date, 23,500,000 shares were held by ASM Asia Recovery (Master) Fund directly as beneficial owner. Argyle Street Management Limited ("ASM"), as investment manager, through ASM Asia Recovery (Master) Fund and another managed fund, was indirectly interested in an aggregate of 27,000,000 shares. ASM is a wholly-owned subsidiary of Argyle Street Management Holdings Limited ("ASM Holdings") which is held by Mr. Chan Kin as to 44.45%. Accordingly, ASM Holdings and Mr. Chan Kin were taken to be interested in the 27,000,000 shares held by ASM.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, there is no other person who had an interest or a short position in the shares and underlying shares (including interests in options, if any) of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. COMPETING INTERESTS

Mrs. Chu Ho Miu Hing, an independent non-executive Director, is a director of, and holds 40% equity interest in, Good Harvest Securities Company Limited (“Good Harvest”). The remaining interest of Good Harvest is held by independent third parties. As the business of Good Harvest includes trading of securities in Hong Kong, there is a potential risk that such business may compete with the brokerage business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the substantial Shareholders or controlling Shareholders and their respective associate(s) has any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

5. SERVICE CONTRACTS

Each of Mr. Ho, Lawrence Yau Lung and Mr. Patrick Sun has a service contract with VC Services Limited, a wholly-owned subsidiary of the Company, commencing on 1 January 2005 and 21 August 2006 respectively, which may be terminated by either party by written notice of not less than 3 months. On 6 June 2008, Mr. Sun entered into a supplemental service contract with VC Services Limited.

The annual remuneration of Mr. Ho is HK\$600,000 plus a discretionary bonus payable in March each year. The annual remuneration of Mr. Sun is HK\$2,856,000, and he may also receive a bonus of 5% of the profit before tax and extraordinary items of the Group or HK\$1,000,000 (whichever amount is the higher) payable in March each year.

Save as disclosed above, no Director has a service contract with the Company and/or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MISCELLANEOUS

1. The registered office of the Company is at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
2. The secretary of the Company is Mr. Tsang Yuen Wai, Samuel, a solicitor admitted in Hong Kong, England and Wales and Australia.
3. The qualified accountant of the Company is Ms. Choi Suet Yin, Celia, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Chartered Secretaries.
4. In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.