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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code : 821)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF A JOINTLY CONTROLLED ENTITY

THE DISPOSAL

The Board announces that on 5 August 2010, after trading hours, the Vendors, being wholly-owned subsidiaries of the JV Company which is held as to 50% by each of VC Financial and Macquarie Macau¹, entered into the Agreement with the Purchasers, pursuant to which the Purchasers have conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued share capital of Guia Hill (Macau) at a consideration of HK\$256 million. Guia Hill (Macau) is an investment holding company, the sole business activity of which is the holding of the Land.

The Consideration was determined after arm's length negotiations between the parties to the Agreement with reference to the expected realizable value of the entire issued share capital of Guia Hill (Macau), having regard to the fact that its principal asset is the Land.

On 5 August 2010, after trading hours, the Vendors and the Purchasers also entered into the Supplemental Agreement pursuant to which if the Purchasers fail to obtain financing to pay the remaining balance of HK\$220 million for the Disposal by 16 September 2010, the Vendors and the Purchasers agree to postpone the Completion for up to a further 120 days, i.e., up to 15 January 2011, and Completion will take place on or before the expiry of the postponed Completion date. In the event of such postponement, the Purchasers must pay to the Vendors liquidated damages for each day

¹ *Other than Macquarie Bank Limited ABN 46 008 583 542 ("MBL"), any Macquarie group entity noted in this announcement 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.*

between 16 September 2010 and the actual Completion date, both dates exclusive. If, at the expiry of the postponed Completion date, the Purchaser is unable to proceed to Completion, the Vendors are entitled to retain the initial deposit of HK\$36 million and the liquidated damages and terminate the Agreement.

Upon Completion, Guia Hill (Macau) will cease to be a jointly controlled entity of the Company and its financial results will not be equity accounted for in the financial results of the Group.

The Directors (including the independent non-executive Directors) consider that the Disposal is fair and reasonable, is in line with the business strategy of the Group and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) of the Disposal under Rule 14.07 of the Listing Rules exceed(s) 5% but is/are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.08 of the Listing Rules.

THE AGREEMENT (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

Date: 5 August 2010 (after trading hours)

Parties: i. Guia Hill (BVI) No. 1;
ii. Guia Hill (BVI) No. 2; and
iii. the Purchasers

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchasers is a third party independent of the Company and its connected persons.

Assets to be disposed of

Sale Shares, together with related rights and obligations, including loans and advances from related parties, if any.

The principal asset of Guia Hill (Macau) is 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.

Consideration

The Consideration for the Disposal is HK\$256 million, which was determined after arm's length negotiations between the parties to the Agreement with reference to the expected realizable value of the entire issued share capital of Guia Hill (Macau), having regard to the fact that its principal asset is the Land.

The Consideration has been/shall be satisfied by the Purchasers in the following manner:

- (a) an initial deposit of HK\$36 million has been paid by the Purchasers to the Vendors on the date of the Agreement; and
- (b) the remaining balance of HK\$220 million shall be paid by the Purchasers on Completion.

CONDITIONS PRECEDENT

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

- (a) the Land being free from all encumbrances, debts, undertakings to sell and leases except the bank mortgage loan as mentioned in the section headed "Completion" below;
- (b) the Sale Shares being free from all encumbrances and undertakings to sell on completion date;
- (c) the Vendors not having entrusted any architects to write any petition to the Land, Public Works and Transport Bureau of the Macau government. If the Vendors have done so earlier, they must terminate the mandate with the architect, and the declaration of mandate and industrial and intellectual rights waiver shall be signed by the architect and given to the Purchasers within 30 days after the signing of the Agreement;
- (d) the Vendors having obtained the consent from the existing mortgage bank of the Land for the transfer of the Sale Shares;
- (e) the Purchasers and their nominees and their directors (if they are legal persons) having satisfied all anti-money laundering searches and checks required to be carried out by the Vendors and/or their respective parent companies, affiliates and related companies by any applicable law.

In the event that condition (d) or (e) cannot be satisfied, the Vendors shall return the deposit paid to the Purchasers without interest, the Agreement shall be terminated and the Purchasers shall have no further claims against the Vendors.

As at the date of this announcement, all of the conditions precedent above have yet to be fulfilled.

COMPLETION

Completion shall take place no later than 16 September 2010. On Completion, Vendors shall transfer or procure the transfer to the Purchasers or their designated third party/parties of the Sale Shares and the loans, if any. All directors and secretary of Guia

Hill shall resign as directors and secretary and confirm that they have no further claims against Guia Hill (Macau).

On Completion, the Purchasers shall pay part of the remaining balance of HK\$220 million by way of a bank mortgage loan in the amount of HK\$120 million. As stipulated under the Supplemental Agreement, if the Purchasers are unable to obtain the said financing to pay the remaining balance by 16 September 2010, the Vendors and the Purchasers agree to postpone the Completion for up to a further 120 days, i.e., up to 15 January 2011, and Completion will take place on or before the expiry of the postponed Completion date.

In the event of such postponement, the Purchasers must pay to the Vendors liquidated damages equivalent to HK\$6,000 for each day between 16 September 2010 and the actual Completion date, both dates exclusive, which shall be payable on the actual Completion date or on demand upon the expiry of the postponed Completion date.

If, at the expiry of the postponed Completion date, the Purchaser is unable to proceed to Completion, the Vendors are entitled to retain the initial deposit of HK\$36 million and the liquidated damages and terminate the Agreement.

REASONS FOR THE DISPOSAL

At the time of establishment of the JV Company, it was then intended that the JV Company would bring in third party investors and be transformed into a private equity real estate fund or a syndicated property management project, focusing on developing mid- to high-end residential properties in Macau. The acquisition of the Land was then intended to serve as a seed project of the real estate fund to attract third party investors to invest in the fund. With the hit of the financial tsunami, fund raising has become more challenging and as a result, the Group has been considering alternative exit plans for the project. The Directors consider that with the fall-through of the setting up of the real estate fund, it is beneficial for the Group to dispose of its interest in Guia Hill (Macau) whose principal asset is the Land, and focus its management time and resources in the Group's core business in the provision of financial services.

The Directors (including the independent non-executive Directors) consider that the Disposal is fair and reasonable, is in line with the business strategy of the Group and is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDORS, THE GROUP AND GUIA HILL (MACAU)

The Vendors are companies incorporated under the laws of the BVI with limited liability and wholly owned by the JV Company.

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.

Guia Hill (Macau) is a limited company incorporated in Macau which is an indirect subsidiary of the JV Company, the sole business activity of which is the holding of the Land.

FINANCIAL INFORMATION OF GUIA HILL (MACAU)

Set out below is a summary of the audited financial statements of Guia Hill (Macau) for the financial year ended 31 December 2009 and for the period from 16 July 2008 (being its date of incorporation) to 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards:

	For the financial year ended 31 December 2009	For the period from 16 July 2008 (date of incorporation) to 31 December 2008
	<i>MOP</i>	<i>MOP</i>
Revenue	6,316	6,004
Net loss before taxation	(715,631)	(292,894)
Net loss after taxation	(629,694)	(257,747)

As at 30 June 2010, the unaudited total assets of Guia Hill (Macau) amounted to approximately HK\$344.4 million and the net liabilities of Guia Hill (Macau) amounted to approximately HK\$989,000.

Upon Completion, Guia Hill (Macau) will cease to be a jointly controlled entity of the Company and its financial results will not be equity accounted for in the financial results of the Group.

USE OF PROCEEDS

The Directors expect that the net proceeds from the Disposal will amount to approximately HK\$241.9 million, which is intended to be applied towards repayment of bank borrowings as well as settlement of expenses of the JV Company. The balance shall be distributed equally to both shareholders of the JV Company.

It is estimated that the Group will receive approximately HK\$54.7 million as a result of the Disposal, which is intended to be used as general working capital of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group may record a net loss on the Disposal of approximately HK\$36.3 million, being the difference between the Group's interest in the JV Company in the amount of HK\$91.0 million as at 30 June 2010 and the net proceeds arising from the Disposal in the amount of approximately HK\$54.7 million.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) of the Disposal under Rule 14.07 of the Listing Rules exceed(s) 5% but is/are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Rule 14.08 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 5 August 2010 (as supplemented by the Supplemental Agreement) entered into between the Vendors and the Purchasers in respect of the Disposal
“associate(s)”	has the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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 sale and purchase of the Sale Shares (together with related rights and obligations, including loans and advances from related parties, if any) in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the same meaning as ascribed to it in the Listing Rules
“Consideration”	the consideration of HK\$256 million payable by the Purchasers to the Vendors pursuant to the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares (together with related rights and obligations, including loans and advances from related parties, if any) by the Vendors as contemplated under the Agreement
“Group”	the Company and its subsidiaries
“Guia Hill (BVI) No. 1”	Guia Hill (BVI) Holdings No.1 Limited, a company incorporated under the laws of the BVI with limited liability and wholly owned by the JV Company

“Guia Hill (BVI) No. 2”	Guia Hill (BVI) Holdings No. 2 Limited, a company incorporated under the laws of the BVI with limited liability and wholly owned by the JV Company
“Guia Hill (Macau)”	Guia Hill (Macau) Investments Limited, a limited company incorporated in Macau which is an indirect subsidiary of the JV Company
“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 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 number 20450 on folio 140v of book B44, with a site area of approximately 2,373 sq.m.
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Macquarie Macau”	Macquarie Macau Holdings Pty Ltd., a company incorporated in Australia with limited liability and a subsidiary of Macquarie Group Limited
“MOP\$”	Macau Pataca, the lawful currency of Macau
“PRC”	People’s Republic of China
“Purchasers”	Mr. Choi Tin Hang and Mr. Chan Chi Ian, being two individuals who are independent of the Company and its connected persons
“Sale Sales”	two shares in Guia Hill (Macau), being all the shares in Guia Hill (Macau) owned by the Vendors prior to the Completion
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 5 August 2010 entered into between the Vendors and the Purchasers to amend certain

terms in the Agreement

“VC Financial”	VC Financial Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Vendors”	Guia Hill (BVI) No. 1 and Guia Hill (BVI) No. 2
“%”	per cent.

By order of the Board of
Value Convergence Holdings Limited
Chau King Fai, Philip
Executive Director

Hong Kong, 6 August 2010

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chau King Fai, Philip, Mr. Cheng Tze Kit, Larry and Ms. So Wai Yee, Betty; three non-executive Directors, namely, Dr. Lee Jun Sing (Chairman), Mr. Lam Cho Ying, Terence Joe and Ms. Wang Ying; and three independent non-executive Directors, namely, Mr. Lam Kwok Hing, Wilfred, Mr. Tse On Kin and Mr. Lam Ka Wai, Graham.