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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 821)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A PROPOSED TRANSACTION

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING

The Board announces that after trading hours on 16 January 2018, the Company entered into a non-legally binding MOU with the Vendor pursuant to which the Company intends to acquire and the Vendor intends to sell approximately 18% to 20% of the entire issued share capital of the Target Company. The Target Group is principally engaged in the provision of loan financing and financial consultancy services in the PRC and the provision of money lending services in Hong Kong. No payment is required to be made upon the signing of the MOU. If the Proposed Transaction materialises, it may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Company wishes to emphasise that the Proposed Transaction is subject to, among other things, the signing of the Formal Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transaction may or may not materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from those set out in the MOU. The Company will comply with the relevant disclosure and shareholders' approval requirements under the Listing Rules where appropriate. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

This announcement is made by Value Convergence Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that after trading hours on 16 January 2018, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with CVP Financial Group Limited (the “**Vendor**”) pursuant to which the Company intends to acquire and the Vendor intends to sell approximately 18% to 20% of the entire issued share capital of Hackett Enterprises Limited (the “**Target Company**”) (the “**Proposed Transaction**”). No payment is required to be made upon the signing of the MOU.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). None of the Directors or controlling shareholders (as defined in the Listing Rules) of the Company has any interest, directly or indirectly, in the Proposed Transaction. In the event that the Proposed Transaction proceeds, the Company will comply with the relevant requirements of the Listing Rules as and when appropriate.

MEMORANDUM OF UNDERSTANDING

The non-legally binding MOU contains, inter alia, the following major terms:

Date: 16 January 2018

Parties: (a) the Company, being the proposed purchaser
(b) CVP Financial Group Limited, being the Vendor

Assets to be acquired

Pursuant to the MOU, the Company intends to acquire and the Vendor intends to sell approximately 18% to 20% of the entire issued share capital of the Target Company (the “**Sale Shares**”). The Target Company and its subsidiaries (collectively the “**Target Group**”) are principally engaged in the provision of loan financing and financial consultancy services in the People’s Republic of China (the “**PRC**”) and the provision of money lending services in Hong Kong.

Consideration

The consideration for the Sale Shares (the “**Consideration**”) shall be determined after arm’s length negotiation and set out in a formal definitive agreement to be entered into between the Vendor and the Company (the “**Formal Agreement**”) and is intended to be approximately HK\$160 million to HK\$180 million. The Consideration is intended to be settled by way of (a) cash; or (b) issue of unsecured convertible bonds of the Company (the “**CB**”); or (c) a combination of (a) and (b).

The conversion price of the shares (each a “**Share**”) of the Company to be issued upon the exercise of the conversion rights attaching to the CB (the “**Conversion Shares**”) is intended to be HK\$1.3 per Conversion Share which represents a discount of approximately 19.65% to the average closing prices of the Shares of HK\$1.618 per Share for the last five trading days up to and including the date of the MOU. For the avoidance of doubt, the detailed terms of the Proposed Transaction, including but not limited to the exact settlement timing, method and amount of the Consideration will be negotiated and finalised by the parties to the MOU upon signing of the Formal Agreement.

Indicative principal terms of the CB

Conversion price:	HK\$1.3 per Conversion Share
Conversion restriction:	No holder(s) of the CB is permitted to exercise any conversion rights attaching to the CB to the extent that the issue of the Conversion Shares will result in (aa) any mandatory offer obligation under Rule 26.1 of the Code on Takeovers and Mergers (the “ Takeovers Code ”) being triggered by the holder(s) of the CB and/or the parties acting in concert with it (within the meaning of the Takeovers Code); or (bb) the Company becoming in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued Shares held by the public.
Listing:	No application will be made for the listing of, and permission to deal in, the CB on the Stock Exchange or any other stock exchange.

Conditions precedent

Completion of the Formal Agreement will be conditional upon the fulfilment (or waiver, as applicable) of certain conditions precedent, including, among others:

- (a) completion of the due diligence review of the financial, legal, business, operation and other matters of Target Group to the satisfaction of the Company;

- (b) (where required) the passing by the shareholders or independent shareholders (as appropriate) of the Company in general meeting of all resolutions required under relevant laws and regulations, including but not limited to the Listing Rules and the applicable laws of the transactions contemplated under the Formal Agreement, including without limitation the specific mandate for the allotment and issue of the Conversion Shares;
- (c) the granting of the approval for the listing of, and permission to deal in, the Conversion Shares by the Listing Committee of the Stock Exchange;
- (d) the Proposed Transaction not triggering any mandatory offer obligation of the Vendor and its parties acting in concert (as defined in the Takeovers Code) under Rule 26.1 of the Takeovers Code to make a mandatory offer to other holders of Shares;
- (e) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for the Proposed Transaction having been obtained or made, if any;
- (f) all the representations and warranties contained in the Formal Agreement being true, accurate in all material respects and not misleading when made, and remaining true, accurate in all material respects and not misleading; and
- (g) no material adverse change having occurred in respect of the business, assets, financial position, performance, operations, properties or conditions (financial or otherwise) of the Target Group.

Effectiveness and termination

Under the MOU, save for certain general provisions such as provisions on exclusivity, confidentiality, costs, termination, governing law which are legally binding, other terms of the MOU are not legally binding.

The MOU shall become effective on the date of the MOU and shall terminate and be of no force and effect on the earlier of (i) agreement in writing by both parties to terminate the negotiation and discussions relating to the Proposed Transaction; and (ii) failure by the parties to finalise the Formal Agreement by the end of the Exclusivity Period (as defined below).

The MOU shall have no further effect upon termination and each party shall not claim against the other for any damages, costs or expenses as a result of such termination, save and except for the provisions which are legally binding as mentioned above which shall remain in full force and effect.

Exclusivity

The Vendor has undertaken to the Company not to enter into discussions, negotiations, agreement (verbal or written) or understanding with any other party in relation to the Proposed Transaction (unless otherwise agreed by the Company in writing) during the period of six (6) months from the date of the MOU (both days inclusive) (the “**Exclusivity Period**”), provided that the parties may by mutual written agreement extend the Exclusivity Period.

REASONS FOR THE PROPOSED TRANSACTION

The Group is principally engaged in (i) the provision of financial services including securities, futures and options brokering and dealing, margin financing and money lending, and placing and underwriting services, corporate financial advisory services and asset management services; and (ii) proprietary trading including the trading of equity securities, debt securities and other financial products.

The Target Company is a company incorporated in the Republic of Seychelles with limited liability. The Target Group is principally engaged in the provision of loan financing and financial consultancy services in the PRC and the provision of money lending services in Hong Kong.

The Directors consider that the Proposed Transaction, if materialises, represents a good opportunity for the Group to enlarge its market share in the loan financing business as well as to enter the PRC market. The Directors are of the view that the entering into of the MOU and proceeding with the Proposed Transaction are in the interests of the Company and its shareholders as a whole.

If the Proposed Transaction materialises, it may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Company wishes to emphasise that the Proposed Transaction is subject to, among other things, the signing of the Formal Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transaction may or may not materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from those set out in the MOU. The Company will comply with the relevant disclosure and shareholders’ approval requirements under the Listing Rules where appropriate. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

GENERAL

Further announcement(s) will be made as and when necessary in accordance with the Listing Rules.

By order of the Board
Value Convergence Holdings Limited
Tin Ka Pak, Timmy
Chief Executive Office & Executive Director

Hong Kong, 16 January 2018

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Tin Ka Pak, Timmy (*Chief Executive Officer*)

Mr. Lin Hoi Kwong, Aristo

Mr. Xie Jintai

Mr. Chung Chi Shing, Eric

Independent Non-executive Directors:

Mr. Wong Chung Kin, Quentin

Mr. Wong Kam Choi, Kerry, MH

Mr. Siu Miu Man, Simon