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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 ACQUISITION OF SHARES IN HACKETT ENTERPRISES LIMITED INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

#### **ACQUISITION OF THE SALE SHARES**

The Board announces that on 8 March 2018 (after trading hours), the Vendor and the Purchaser, which is an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares for a consideration of HK\$160,000,000. The consideration will be satisfied by way of issue of the Convertible Bonds.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Sale and Purchase Agreement are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements thereunder.

Further, as the Conversion Shares will be allotted and issued pursuant to the Specific Mandate, an EGM will be convened by the Company to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the grant of the Specific Mandate).

A circular containing, among other things, further details of the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required by the Listing Rules, together with the notice convening the EGM and the proxy form in respect of the EGM, are expected to be despatched to the Shareholders on or before 28 March 2018.

**As completion of the Sale and Purchase Agreement is subject to the fulfillment (or waiver, as the case may be) of a number of conditions (which are detailed in this announcement), the transactions contemplated under the Sale and Purchase Agreement may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

Reference is made to the announcement of the Company dated 16 January 2018 in relation to the MOU concerning the proposed acquisition of shares in the Target Company.

## **ACQUISITION OF THE SALE SHARES**

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## **THE SALE AND PURCHASE AGREEMENT**

### **Parties to the Sale and Purchase Agreement**

Date : 8 March 2018

Vendor : CVP Financial Group Limited

Purchaser : Apex Treasure International Limited, an indirect wholly-owned subsidiary of the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons as at the date of this announcement.

### **Assets acquired**

The Sale Shares, representing 18% of the issued share capital of the Target Company.

## **Consideration**

The total consideration for the Acquisition is HK\$160,000,000. Upon Completion, the consideration will be satisfied by way of issue of the Convertible Bonds. The consideration was determined after arm's length negotiations between the Vendor and the Purchaser and with reference to the consideration for the acquisition of 25% of the issued share capital of the Target Company by an independent third party on 28 July 2016.

The Conversion Shares (upon conversion of the Convertible Bonds) will be allotted and issued pursuant to the Specific Mandate proposed to be obtained at the EGM.

## **Principal Terms of the Convertible Bonds**

- Principal amount: HK\$160,000,000
- Interest: The Convertible Bonds shall bear interest at a rate of 2% per annum, payable annually on the last Business Day of each 12 months, provided that interest for the last 12-month period shall be paid on the maturity date of the Convertible Bonds.
- Maturity Date: The date falling on the third (3rd) anniversary of the date of issue of the Convertible Bonds.
- Conversion Price: HK\$1.3 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds. The initial conversion price of HK\$1.3 represents:
- (i) a discount of approximately 19.25% to the closing price of HK\$1.61 per Share as quoted on the Stock Exchange on the date of the MOU;
  - (ii) a discount of approximately 44.68% to the closing price of HK\$2.35 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
  - (iii) a discount of approximately 45.01% to the average closing price of HK\$2.364 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
  - (iv) a premium of approximately 25% over the unaudited consolidated net asset value per Share of approximately HK\$1.04 as at 30 June 2017.

Conversion Rights: Holder of the Convertible Bonds will have the right, during the period commencing on the date of issue of the Convertible Bonds up to and ending on the third (3rd) Business Day prior to the maturity date of the Convertible Bonds, to convert the Convertible Bonds in whole or in part of the outstanding principal amount of the Convertible Bonds into Conversion Shares, provided that the exercise of the conversion rights will not result in:

- (a) any mandatory offer obligation under Rule 26.1 of the Takeovers Code being triggered by the holder of the Convertible Bonds and/or parties acting in concert (as defined in the Takeovers Code) with such holder; or
- (b) the Company being in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public.

Conversion Shares: 123,076,923 Conversion Shares (based on the initial conversion price of HK\$1.3), representing:

- (i) approximately 15.49% of the existing issued share capital of the Company; and
- (ii) approximately 13.41% of the enlarged issued share capital of the Company upon full conversion of the Convertible Bonds (assuming no change in the number of issued Shares up to the issue of the Conversion Shares).

Adjustment events: The conversion price shall from time to time be subject to adjustment in accordance with the followings if, whilst any of the Convertible Bonds remains outstanding, any of the following events or circumstances in relation to the shares of the Company shall occur: (i) consolidation and subdivision; (ii) capitalisation of profits or reserves; (iii) capital distribution; and (iv) purchase of new shares or securities by the Company or making of relevant offer and invitation by the Company.

**Redemption:** The Company shall redeem the Convertible Bonds by repaying the holder(s) of the Convertible Bonds all outstanding principal amount of the Convertible Bonds on the maturity date of the Convertible Bonds.

**Transferability:** The Convertible Bonds are transferable except that no Convertible Bonds shall be transferred to any person who:

- (a) is not independent of the Group or the connected persons of the Company (unless otherwise permitted with prior written consent of the Company); or
- (b) is a party acting in concert (as defined in the Takeovers Code) with any person or shareholder of the Company to the effect that any transfer of the Convertible Bonds to such transferee(s) and/or the exercise by such transferee(s) of any conversion right attaching to the Convertible Bonds subject to such transfer will trigger the mandatory offer obligation under Rule 26.1 of the Takeovers Code.

**Ranking of Conversion Shares:** The Conversion Shares allotted and issued upon conversion of the Convertible Bonds will in all respects rank pari passu in all respects with the Shares already in issue on the conversion date.

**Listing:** No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be issued upon the conversion of the Convertible Bonds.

### **Conditions**

Completion of the Sale and Purchase Agreement is conditional upon the satisfaction (or, where applicable, waiver) of the following conditions:

- (i) the results of the due diligence review conducted by the Purchaser against the Target Group's assets, liabilities, activities, operations, prospects and affairs being satisfactory to the Purchaser;

- (ii) (if so required by the Purchaser) such legal opinion(s) as may be issued by qualified legal advisers of the relevant jurisdictions (including without limitation the PRC), in such form and substance to the satisfaction of the Purchaser having been obtained;
- (iii) (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 Sale and Purchase Agreement, including without limitation the Specific Mandate;
- (iv) the granting of the approval for the listing of, and permission to deal in, the Conversion Shares by the Listing Committee;
- (v) the Directors having approved and authorised the transactions contemplated under the Sale and Purchase Agreement, including without limitation the creation and issue of the Convertible Bonds and the allotment and issue of the Conversion Shares on the exercise of the conversion rights attaching to the Convertible Bonds;
- (vi) the deed of adherence as required under the existing shareholders agreement in respect of the Target Company having been duly executed by the Purchaser and delivered to the Vendor;
- (vii) 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 consummation of the transactions contemplated under the Sale and Purchase Agreement having been obtained or made, if any;
- (viii) none of the representations, warranties and undertakings of the Vendor given in the Sale and Purchase Agreement having been breached in any material respect (or, if capable of being remedied, not having been remedied), or being untrue or inaccurate or misleading;
- (ix) no material adverse change in respect of the Target Group having occurred; and
- (x) written consents (in the form satisfactory to the Purchaser) from all the other existing shareholders of the Target Company to the transfer of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement having been obtained, where required.

If the conditions set out above are not fulfilled, or in respect of the conditions (i), (ii), (viii) and (ix) are not waived in writing by the Purchaser, on or before 30 June 2018 or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall terminate and none of the parties thereto shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Sale and Purchase Agreement). None of the parties may waive any of the conditions, save as mentioned above.

### **Completion**

Subject to the fulfillment of the above conditions (unless otherwise waived), Completion shall take place on the Completion Date.

### **INFORMATION OF THE GROUP**

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.

### **INFORMATION OF THE VENDOR**

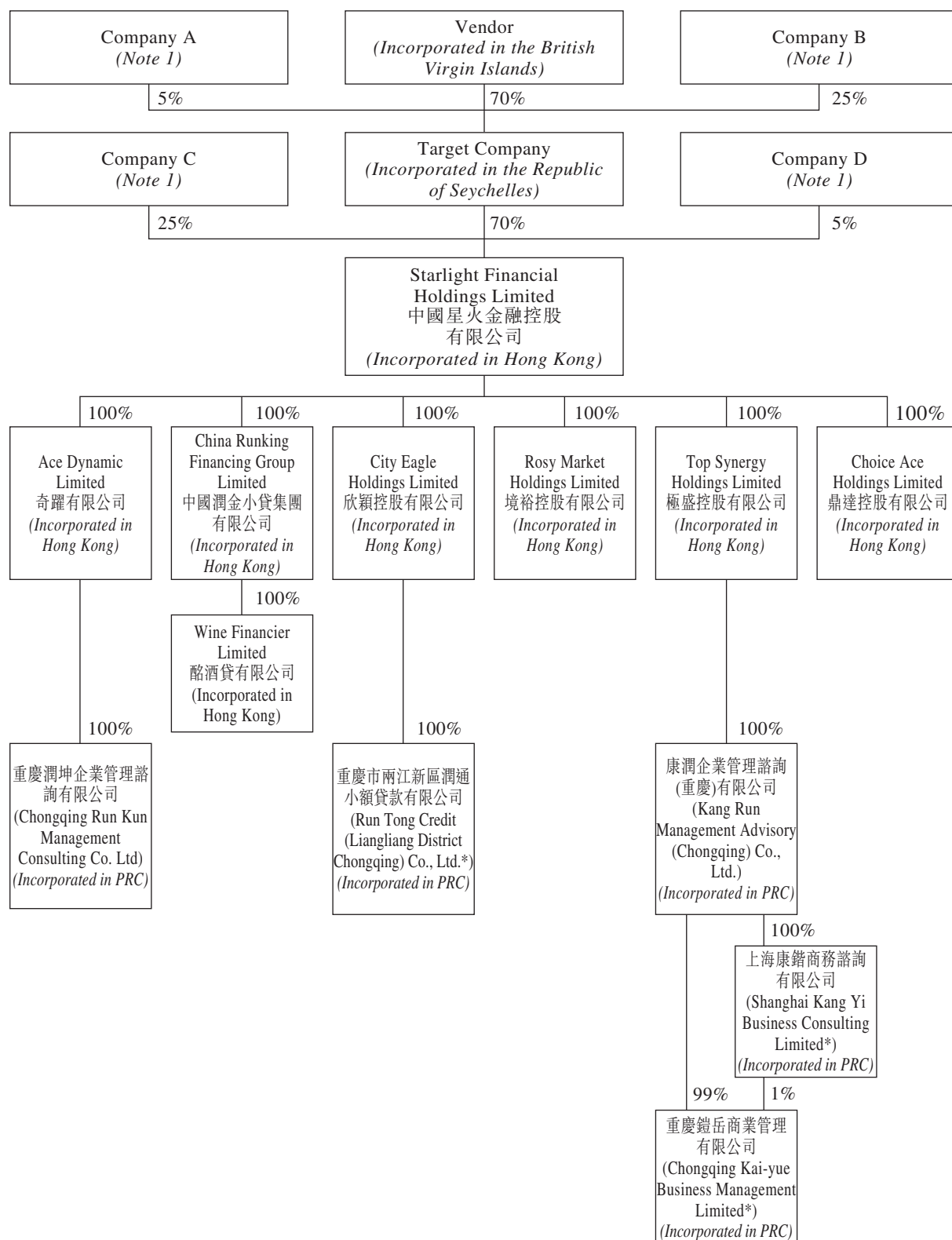
The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability on 26 April 2016. It is a beneficial owner of 70% of the issued share capital of the Target Company and independent third party of the Company.

### **INFORMATION OF THE TARGET GROUP**

The Target Company is an investment holding company incorporated in the Republic of Seychelles with limited liability on 3 September 2014.

The Target Group is principally engaged in the provision of loan financing and financial consultancy services in the PRC and provision of money lending services in Hong Kong. Its major customers include individuals as well as small and medium enterprises.

The existing shareholding and group chart of the Target Group as at the date of this announcement is shown below:



*Note 1:* Each of Company A, Company B, Company C and Company D is a third party independent of and not connected with the Company and its connected persons as at the date of this announcement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the members of the Target Group and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Set out below are the audited and the unaudited consolidated financial information of the Target Company for the two years ended 31 December 2016 and 31 December 2017, respectively:

	<b>For the year ended 31 December 2016 (Audited) RMB'000</b>	<b>For the year ended 31 December 2017 (Unaudited) RMB'000</b>
Revenue	78,824	60,616
Profit before taxation	24,117	9,009
Profit after taxation	15,142	2,405
	<b>As at 31 December 2016 (Audited) RMB'000</b>	<b>As at 31 December 2017 (Unaudited) RMB'000</b>
Net current assets	60,491	274,982
Net assets	108,211	299,256

Upon Completion, the Target Company will be accounted for as an equity investment of the Company and its financial results will not be consolidated with those of the Group.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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 Acquisition 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 Sale and Purchase Agreement and proceeding with the Acquisition are in the interests of the Company and the Shareholders as a whole.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms that are fair and reasonable, and the transactions contemplated under the Sale and Purchase Agreement in the interests of the Company and the Shareholders as a whole.

The Sale and Purchase Agreement was approved by the Directors. None of the Directors was required to abstain from voting on the relevant resolutions of the Directors.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Sale and Purchase Agreement are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements thereunder.

Further, as the Conversion Shares will be allotted and issued pursuant to the Specific Mandate, an EGM will be convened by the Company to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the grant of the Specific Mandate).

A circular containing, among other things, further details of the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required by the Listing Rules, together with the notice convening the EGM and the proxy form in respect of the EGM, are expected to be despatched to the Shareholders on or before 28 March 2018.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders is required to abstain from voting in favour of the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder including the issue of the Convertible Bonds and the grant of the Specific Mandate.

**As completion of the Sale and Purchase Agreement is subject to the fulfillment (or waiver, as the case may be) of a number of conditions (which are detailed in this announcement), the transactions contemplated under the Sale and Purchase Agreement may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong
“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 pursuant to the Sale and Purchase Agreement
“Completion Date”	the third Business Day after all the conditions set out in the Sale and Purchase Agreement have been satisfied or waived
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Shares”	new Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds in accordance with the terms of the Convertible Bonds
“Convertible Bonds”	the 3-year two per cent. unsecured convertible bonds in the principal amount of HK\$160,000,000 to be issued by the Company at Completion
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder including the issue of the Convertible Bonds and the grant of the Specific Mandate
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 16 January 2018 between the Vendor and the Company relating to the proposed acquisition of shares in the Target Company
“PRC”	The People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Apex Treasure International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 March 2018 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Sale Shares”	18 issued shares of US\$1.00 each in the share capital of the Target Company, representing 18% of its existing entire issued share capital, which are legally and beneficially owned by the Vendor
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate for the allotment and issue of the Conversion Shares to be granted to the Directors by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hackett Enterprises Limited, a company incorporated in the Republic of Seychelles with limited liability on 3 September 2014

“Target Group”	the Target Company and its subsidiaries
“Vendor”	CVP Financial Group Limited (遠見金融集團有限公司), a company incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board of  
**Value Convergence Holdings Limited**  
**Zhou, Francis Bingrong**  
*Vice Chairman and Executive Director*

Hong Kong, 8 March 2018

*As at the date of this announcement, the Board comprises six Executive Directors, namely, Mr. Fu Yiu Man (Chairman), Mr. Zhou, Francis Bingrong (Vice Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. Lin Hoi Kwong, Aristo, Mr. Xie Jintai and Ms. Shen Li; and three Independent Non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Wong Kam Choi, Kerry, <sup>MH</sup> and Mr. Siu Miu Man, Simon.*

\* *For identification purposes only*