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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 821)

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Shenwan Hongyuan Securities (H.K.) Limited

TOP-UP PLACING AND SUBSCRIPTION

On 26 June 2018 (after trading hours), the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agent, pursuant to which (i) the Vendor has agreed to appoint the Placing Agent and the Placing Agent has agreed to act as agent of the Vendor and use its best endeavor to procure not less than six Placées for up to 60,000,000 Sale Shares at the Placing Price per Sale Share; and (ii) the Vendor has agreed to subscribe for up to 60,000,000 Subscription Shares at the Subscription Price per Subscription Share.

The maximum of 60,000,000 Sale Shares represents approximately 6.71% of the aggregated number of the issued Shares as at the date of this announcement.

The maximum of 60,000,000 Subscription Shares represents (i) approximately 6.71% of the aggregated number of the issued Shares as at the date of this announcement; and (ii) approximately 6.28% of the aggregated number of issued Shares as enlarged by the allotment and issue of 60,000,000 Subscription Shares. The number of Subscription Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement is equal to the number of the Sale Shares.

The Placing Price of HK\$1.45 represents (i) a discount of approximately 14.71% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing and Subscription Agreement; and (ii) a discount of approximately 5.35% to the average of the closing prices for the five consecutive trading days immediately prior to the date of this announcement as quoted on the Stock Exchange of HK\$1.532 per Share. The Placing Price is same as the Subscription Price.

Assuming all the Sale Shares are successfully placed by the Placing Agent and the equivalent number of Subscription Shares is subscribed for by the Vendor under the Placing and Subscription Agreement, the aggregate gross proceeds from the Placing and Subscription will be approximately HK\$87 million and the Company intends to use the net proceeds of approximately HK\$85.5 million from the Placing and Subscription for (i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing, and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise.

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing and Subscription is subject to fulfillment of the conditions under the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

26 June 2018 (after trading hour)

Parties

- (i) the Vendor (as vendor);
- (ii) the Company; and
- (iii) Shenwan Hongyuan Securities (H.K.) Limited (as placing agent)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Placing Agent and its associates and 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.

The Vendor is the substantial Shareholder currently beneficially interested in 192,352,000 Shares (out of which 75,000,000 Shares are held by Power Global Group Limited, which the Vendor owned 100% equity interest in it), representing approximately 21.50% of the existing issued Shares as at the date of this announcement.

The Top-up Placing

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed to act as the placing agent for the placing of an aggregate of up to 60,000,000 Sale Shares at the Placing Price per Sale Share on a best effort basis.

Placees

The Sale Shares will be placed to not less than six Placees, who are independent institutional, professional and/or individual investors, who and whose ultimate beneficial owners are not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates.

No individual Placee will become a substantial Shareholder upon the completion of the Placing.

Sale Shares

The maximum of 60,000,000 Sale Shares held by the Vendor represents approximately 6.71% of the aggregated number of the issued Share as at the date of this announcement.

Placing Price

The Placing Price of HK\$1.45 represents:

- (i) a discount of approximately 14.71% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 5.35% to the average of the closing prices for the five consecutive trading days immediately prior to the date of this announcement as quoted on the Stock Exchange of HK\$1.532 per Share.

The Placing Price was determined after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing and Subscription Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Right of the Sale Shares

The Vendor shall sell the Sale Shares pursuant to the Placing and Subscription Agreement free from all liens, charges and encumbrances, and together with all rights attaching to them as at the Trade Date, including the right to receive all dividends declared, made or paid on or after the Trade Date.

Completion of the Placing

Completion of the Placing will take place on the Closing Date in respect of the Sale Shares in accordance with the terms and conditions of the Placing and Subscription Agreement.

The Subscription

The Company has conditionally agreed to allot and issue and the Vendor has conditionally agreed to subscribe for up to 60,000,000 Subscription Shares.

Subscription Shares

The maximum of 60,000,000 Subscription Shares represents (i) approximately 6.71% of the aggregated number of the issued Shares as at the date of this announcement; and (ii) approximately 6.28% of the aggregated number of issued Shares as enlarged by the allotment and issue of 60,000,000 Subscription Shares. The number of Subscription Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement is equal to the number of the Sale Shares.

Subscription Price

The Subscription Price is the same as the Placing Price.

The Subscription Price was determined with reference to the Placing Price and was negotiated on an arm's length basis based on the Placing Price among the Company, the Vendor and the Placing Agent on the date of the Placing and Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange having agreed to the listing of, and having granted the permission to deal in, the Subscription Shares (and such agreement and permission have not subsequently been revoked or threatened with any revocation prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and
- (iii) (if required) the SFC having granted the waiver to waive the obligation to make general offer under Rule 26 of the Takeovers Code.

Completion of the Subscription

Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the Conditions to be satisfied shall have been so satisfied (provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement) or such other time and/or date as the Vendor and the Company may agree in writing.

Termination and Force Majeure

The Placing and Subscription Agreement may be terminated by the Placing Agent upon giving notice to the Company and the Vendor if at any time between the date of the Placing and Subscription Agreement and at 10:00 a.m. (Hong Kong time) on the Closing Day, there occurs:

- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations which in the sole judgement of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
- (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the sole judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or
- (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the sole judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
- (iv) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or
- (v) a change or development involving a prospective change in taxation adversely affecting the Company, the Sale Shares or the transfer thereof; or
- (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the declaration by the People's Republic of China, of a national emergency or war; or
- (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
- (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, due to exceptional financial circumstances or otherwise at any time prior to the Closing Date.

Upon termination of the Placing and Subscription Agreement pursuant to the abovementioned factors, all obligations of the Company, the Vendor and the Placing Agent under the Placing and Subscription Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing and Subscription Agreement except for any antecedent breach of any obligation under the Placing and Subscription Agreement.

The Placing Agent may terminate the Placing and Subscription Agreement without liability to the Company and the Vendor by giving notice in writing to the Vendor and the Company at any time on or before 10:00 a.m. (Hong Kong time) on the Closing Date, if (i) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor set out in the Placing and Subscription Agreement; or (ii) there is any such adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the sole judgement of the Placing Agent is materially adverse to the success of the Placing.

Placing Commission

The Placing Agent shall receive a placing commission of 1.5% of the aggregate amount equal to the Placing Price multiplied by the number of Sale Shares placed during the Placing Period.

General Mandate

The Board was authorised to issue and allot up to a total of 178,963,365 Shares under the General Mandate granted by the Shareholders at the annual general meeting of the Company held on 26 April 2018.

As as the date of this announcement, the General Mandate has not yet been utilized. The Subscription Shares will be issued and allotted under the General Mandate. No Shareholders' approval is required for the issue of the Subscription Shares.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is an established financial services group committed to delivering premier financial services and products that can fulfill the various investment and wealth management needs of clients in the Greater China region. The Group's expertise includes provision of financial services comprising securities, futures and options brokering and dealing, financing services, corporate finance advisory services in relation to sponsoring and underwriting initial public offerings, and mergers and acquisitions and asset management, and proprietary trading.

Assuming all the Sale Shares are successfully placed by the Placing Agent, the aggregate gross proceeds from the Placing will be approximately HK\$87 million and the Company intends to use the net proceeds of approximately HK\$85.5 million from the Placing for (i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing, and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise. The net Placing Price will be approximately HK\$1.425 per Share.

The Directors are of the view that the Placing will broaden the Shareholders' portfolio. The Placing will also strengthen the financial position of the Group. As set out in the annual report of the Group for the year ended 31 December 2017, the Group's business strategies continue to include enlarging its revenue base through fostering its core businesses, and tapping into new emerging markets with expanded business activities. The Group will continue to explore business opportunities in the PRC market. The Placing will therefore enhance the Group's flexibility in future business developments or investments as and when opportunities arise. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activities	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
10 July 2017; 21 July 2017	Placing of up to 132,000,000 new shares under general mandate	Up to approximately HK\$120.91 million	(i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise.	The placing under general mandate has lapsed on 21 July 2017

Date of announcement	Fund raising activities	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
28 July 2017; 4 August 2017; 18 August 2017	Placing of up to 132,000,000 new shares under general mandate	Up to approximately HK\$117.1 million	<ul style="list-style-type: none"> (i) general working capital of the Group; (ii) expanding the Group's proprietary trading, brokerage and financing and corporate finance businesses; and (iii) possible investment(s) in the future when opportunities arise. 	All net proceeds had been utilised based on the intended usage, in which approximately HK\$31.1 million, HK\$49.8 million, HK\$10 million, HK\$21.2 million and HK\$5 million were used for (i) acquisition of investment securities for proprietary trading business; (ii) providing additional working capital for brokerage and financing businesses; (iii) providing additional capital for corporate finance business; (iv) settlement of the Group's corporate administrative expenses; and (v) payment of the organisation expenses for the formation of a joint venture respectively.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing but before the completion of the Subscription; and (iii) immediately after the completion of the Placing and the Subscription, on the assumption that (1) a maximum number of 60,000,000 Sale Shares have been placed by the Placing Agent under the Placing and the Vendor shall subscribe for 60,000,000 Subscription Shares upon completion of the Subscription; and (2) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the Subscription save for the issue of the new Shares as a results of the Subscription:

Shareholders & Directors	Shareholding as at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Power Global Group Limited ¹	75,000,000	8.38%	75,000,000	8.38%	75,000,000	7.85%
The Vendor ¹	117,352,000	13.11%	57,352,000	6.40%	117,352,000	12.29%
Mr. Wong Chung Kin, Quentin ²	500,000	0.06%	500,000	0.06%	500,000	0.06%
Placees	–	–	60,000,000	6.71%	60,000,000	6.28%
Public Shareholders	<u>701,964,829</u>	<u>78.45%</u>	<u>701,964,829</u>	<u>78.45%</u>	<u>701,964,829</u>	<u>73.52%</u>
	<u><u>894,816,829</u></u>	<u><u>100%</u></u>	<u><u>894,816,829</u></u>	<u><u>100%</u></u>	<u><u>954,816,829</u></u>	<u><u>100%</u></u>

Notes:

1. Power Global Group Limited is a company 100% owned by the Vendor.
2. Mr. Wong Chung Kin, Quentin is an independent non-executive Director.

GENERAL

The Placing is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completions of the Placing and the Subscription are subject to fulfillment of the conditions under the Placing and Subscription Agreement. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Closing Date”	two Business Days after the Trade Date or such other date as the Vendor and the Placing Agent may agree in writing
“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”	the completion of the Placing, which shall take place on any Business Day falling within five (5) Business Days after the Closing Date
“Conditions”	the conditions to completion of the Subscription set out in the Placing and Subscription Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	directors of the Company

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 26 April 2018 to issue and allot up to 178,963,365 new Shares, representing 20% of the aggregate number of the issued share of the Company in issue on the date of the meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with who and whose ultimate beneficial owners are not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates
“Placing”	the best effort placing of up to a maximum of 60,000,000 Sale Shares
“Placing Agent”	Shenwan Hongyuan Securities (H.K.) Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the agreement entered into between the Vendor, the Placing Agent and the Company dated 26 June 2018 in respect of the Placing and Subscription
“Placing Period”	the period commencing upon the date of the Placing Agreement and terminating at 4:00 p.m. (Hong Kong time) on Trade Date (or such later time and date the Vendor and the Placing Agent may agree in writing)
“Placing Price”	HK\$1.45 per Share

“Sale Shares”	up to a maximum of 60,000,000 Shares to be sold by the Vendor under the Placing
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	the issued ordinary share in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Vendor for the Subscription Shares
“Subscription Price”	HK\$1.45 per Share, which shall be the same as the Placing Price
“Subscription Shares”	means such number of new Shares as shall be equivalent to the exact number of Sale Shares sold in the Placing to be issued by the Company to the Vendor under the Subscription
“Takeover Code”	mean the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Trade Date”	the date when the sale of the Sale Shares shall be reported as a cross-trade to the Stock Exchange which shall be (i) 27 June 2018 or, (ii) if dealings in the Shares on the Stock Exchange are suspended at all times on 27 June 2018, the first day on which dealings resume and the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agent may agree in writing

“Vendor” Mr. Chung Chi Shing, Eric, a substantial Shareholder
“%” per cent.

By order of the board of
Value Convergence Holdings Limited
Fu Yiu Man
Chairman & Executive Director

Hong Kong, 26 June 2018

As at the date of this announcement, the board of Directors comprises seven Executive Directors, namely, Mr. Fu Yiu Man (Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. Lin Hoi Kwong, Aristo, Mr. Xie Jintai, Ms. Shen Li, Mr. Zhang Min and Mr. Jiang Tian; and three Independent Non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Wong Kam Choi, Kerry, ^{MH} and Mr. Siu Miu Man, Simon.