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VALUE CONVERGENCE HOLDINGS LIMITED  
滙盈控股有限公司

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 8101)

## ANNOUNCEMENT PURSUANT TO RULES 17.15 TO 17.17 OF THE GEM LISTING RULES

This announcement is made pursuant to Rules 17.15 to 17.17 of the GEM Listing Rules.

Under Rules 17.15 to 17.17 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), a company listed on GEM is required to disclose certain details of relevant advances to an entity and its subsidiaries and associated companies if such advances exceed 8% of its assets ratio as defined under rule 19.07(1) (the “**Assets Ratio**”). A disclosure obligation also arises where the relevant advance to an entity increases from that previously disclosed and the amount of the increase is 3% or more under the Assets Ratio.

Accordingly, Value Convergence Holdings Limited (the “**Company**”) makes this announcement to disclose as follows:

As more particularly set out below, VC Brokerage Limited (“**VC Brokerage**”), a subsidiary of the Company, has made advances on normal commercial terms to various entities primarily to subscribe for shares in companies under an initial public offer (“**IPO**”), and/or to trade listed securities on the Stock Exchange by way of securities margin financing, which are all in the ordinary and usual course of business of the Company.

The advances were made on the basis of VC Brokerage’s credit assessments made on the clients’ financial strength, repayment ability and securities collateral provided. In respect of margin financing, VC Brokerage would consider the quality of the listed securities and the financial strength and repayment ability of the client to determine the level of advances to be made. In respect of an advance made for the subscription for shares under an initial public offer, the likely popularity and liquidity of the relevant stock to be listed and the relatively short term nature of such advances were further considered. In respect of all advances in relation to IPO financing, the Company expects that the full value of the IPO stocks would be collateralised when the shares are allotted. Any collateral provided by the relevant Entities for IPO and/or margin financing will not be released by VC Brokerage unless and until all sums due and owing to VC Brokerage either have been fully repaid by the relevant Entity or continue to be fully covered by the remaining collateral. As at the date of this announcement, all advances mentioned in this announcement in respect of IPO financing have been fully repaid by the relevant Entities. After taking into the account the factors as disclosed above in

assessing the risks of the relevant advances, the Company considered that the risks involved in the relevant advances to the entities set out below to be relatively low. The applicable interest rates were equivalent to those charged to other borrowers of similar financial standing.

## **21 April 2006**

As at 21 April 2006, VC Brokerage advanced an aggregate amount of approximately HK\$545.7 million to 9 entities who are independent of and not connected with the Company, its directors, chief executive and the substantial shareholders and any of their respective associates (as defined in the GEM Listing Rules). Details of each of the account receivables to such new entities are set out as follows:

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 21 April 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 31 December 2005</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity K	97.8 million	20.7%	56.2%	0.9 million	Dailian Port (PDA) Company Limited (851 times)
Entity L	96.1 million	20.3%	55.2%	N/A	Dailian Port (PDA) Company Limited (851 times)
Entity M	8.1 million	12.2%	33%	N/A	Shanghai Prime Machinery Company Limited (513 times)
	49.4 million				Dailian Port (PDA) Company Limited (851 times)
	<b><u>Total: 57.5 million</u></b>				
Entity N	28.6 million	12.0%	32.5%	22.2 million	Shanghai Prime Machinery Company Limited (513 times)
	28.0 million				Dailian Port (PDA) Company Limited (851 times)
	<b><u>Total: 56.6 million</u></b>				

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 21 April 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 31 December 2005</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity O	16.1 million	11.3%	30.6%	N/A	Shanghai Prime Machinery Company Limited (513 times)
	37.1 million				Dailian Port (PDA) Company Limited (851 times)
	<u><u>Total: 53.2 million</u></u>				
Entity P	19.1 million	11.2%	30.4%	33.7 million	Shanghai Prime Machinery Company Limited (513 times)
	23.4 million				Dailian Port (PDA) Company Limited (851 times)
	10.4 million				Margin financing
	<u><u>Total: 52.9 million</u></u>				
Entity Q	20.7 million	9.9%	26.8%	0.7 million	Shanghai Prime Machinery Company Limited (513 times)
	26.0 million				Dailian Port (PDA) Company Limited (851 times)
	<u><u>Total: 46.7 million</u></u>				

Clients	Approximate amount of accounts receivables as at 21 April 2006 (HK\$)	% of total assets of the Company	% of advance to the latest published net assets value of the Company as of 31 December 2005	Collateral market value (excl. IPO stock) as at date of advance (HK\$)	IPO stock concerned and number of times of over-subscription
Entity R	20.1 million	9.8%	26.5%	0.4 million	Shanghai Prime Machinery Company Limited (513 times)
	26.0 million				Dailian Port (PDA) Company Limited (851 times)
	<u>Total: 46.1 million</u>				
Entity S	14.1 million	8.2%	22.3%	0.1 million	Shanghai Prime Machinery Company Limited (513 times)
	24.7 million				Dailian Port (PDA) Company Limited (851 times)
	<u>Total: 38.8 million</u>				

In respect of the above advances made to Entities K to S, the repayment terms are on demand. All advances including IPO financing and margin financing were secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage and were made at an interest rate of not more than 13%. The financing periods to the above entities in relation to the IPO of Shanghai Prime Machinery Company Limited and Dailian Port (PDA) Company Limited were 6 days from the closing date of the relevant IPO.

Entities K and L are privately owned investment companies. Entities M, O, Q, R and S are high net worth individuals. Entity P is a high net worth individual and a private investment company owned by the individual. Entity N is a privately owned company principally engaged in jewellery trading. None of Entities K to S has ever defaulted in respect of advances made by VC Brokerage.

Entities K and N have been clients of VC Brokerage for more than 3 years. Entities L, O and S have been clients of VC Brokerage for more than 2 years. Entities M and P have been clients of VC Brokerage for less than 1 year. Entity Q has been a client of VC Brokerage for more than 6 years and Entity R has been a client of VC Brokerage for more than 1 year.

As the amount of each of the account receivables listed above exceeded 8% of the Company's latest published total assets, the Company is under a general disclosure obligation to disclose certain particulars of the account receivables as prescribed under Rule 17.17 of the GEM Listing Rules.

### **17 May 2006**

As at 17 May 2006, VC Brokerage further advanced an aggregate amount of approximately HK\$94.5 million to two new entities who are independent of and not connected with the Company, its directors, chief executive and the substantial shareholders and any of their respective associates (as defined in the GEM Listing Rules). Details of each of the account receivables to such new entities are summarised as follows:

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 17 May 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 31 December 2005</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity T	45.1 million	9.5%	25.9%	0.09 million	Tianjinport Development Holdings Limited (1703 times)
Entity U	49.4 million	10.5%	28.4%	N/A	Tianjinport Development Holdings Limited (1703 times)

In respect of the above advances made to Entities T and U, the repayment terms were on demand. Both advances are secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage. The advances were made at the interest rate of not more than 13%.

The financing period to the above entities in relation to the IPO of Tianjinport Developments Holdings Limited was 6 days from the closing date of the said IPO.

Entity T is a high net worth individual and Entity U is a privately owned company principally engaged in jewellery trading. Entity T has been a client of VC Brokerage for more than 2 years and Entity U has been a client of VC Brokerage for less than 1 year. None of Entities T and U has ever defaulted in respect of advances made by VC Brokerage.

As the amount of each of the account receivables listed above exceeded 8% of the Company's latest published total assets, the Company is under a general disclosure obligation to disclose certain particulars of the account receivables as prescribed under Rule 17.17 of the GEM Listing Rules.

## **23 May 2006**

As at 23 May 2006, VC Brokerage advanced an amount of approximately HK\$200 million to a new entity who is independent of and not connected with the Company, its directors, chief executive and the substantial shareholders and any of their respective associates (as defined in the GEM Listing Rules). Details of the account receivables to such new entity are set out as follows:

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 23 May 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 31 December 2005</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity V	200 million	42.3%	114.9%	N/A	Bank of China Limited (70 times)

In respect of the advance made to Entity V, the repayment term was on demand. It was secured by the relevant securities to be listed under the relevant IPO, when allotted. The advance was made at an interest rate of not more than 11%.

The financial period to Entity V in relation to the IPO of Bank of China Limited was 9 days from the closing date of the said IPO.

Entity V is a high net worth individual who has been a client of VC Brokerage for more than 5 years. Entity V has never defaulted in respect of advances made by VC Brokerage.

As the amount of the account receivables listed above exceeded 8% of the Company's latest published total assets, the Company is under a general disclosure obligation to disclose certain particulars of the accounts receivables as prescribed under Rule 17.17 of the GEM Listing Rules.

### **13 September 2006**

On 13 September 2006, VC Brokerage further advanced the amounts as set out below to two new entities, Entity W and X, who are independent of and not connected with the Company, its directors, chief executive and the substantial shareholders and any of their respective associates (as defined in the GEM Listing Rules). Details of the account receivables to Entities W and X are set out as follows:

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 13 September 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 30 June 2006</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity W	451.2 million	80%	234.7%	28.9 million	China Merchants Bank Co. Ltd. (266.05 times)
Entity X	57.0 million	10.1%	29.6%	7.3 million	China Merchants Bank Co. Ltd. (266.05 times)

In respect of the advances made to Entities W and X, the repayment terms were on demand. Both advances were secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage. The advances were made at the interest rate of not more than 11%.

The financing period to the above entities in relation to the IPO of China Merchants Bank Company Limited was 8 days from the closing date of the said IPO.

Entity W is a high net worth individual. He has been a client of VC Brokerage for over 2 years and has never defaulted in repayment in respect of advances made by VC Brokerage. Entity X is a privately owned company mainly engaged in the provision of management consultancy services principally in the construction sector in the PRC. Entity X has been a client of VC Brokerage for less than 1 year and has never defaulted in repayment in respect of advances made by VC Brokerage.

Pursuant to Rule 17.15 of the GEM Listing Rules, as the amount of the accounts receivable as at the date of the advance exceeded 8% of the Company's latest published total assets, the Company is under a general disclosure obligation to disclose certain particulars of the account receivable as prescribed under Rule 17.17 of the GEM Listing Rules.

As of 13 September 2006, the account receivables due from Entity A increased to HK\$543.9 million. The increase in the account receivables due from Entity A since the previously disclosed balances exceeded 3% of the Company's latest published total assets. The changes in the details of the account receivables from Entity A are summarised as follows:

<b>Clients</b>	<b>Amount previously disclosed (HK\$)</b>	<b>Amount as at 13 September 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 30 June 2006</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity A	310.9 million	543.9 million	96.5%	282.9%	4.6 million	China Merchants Bank Co. Ltd. (266.05 times)

In respect of the advance made to Entity A, the repayment term was on demand. It was secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage. The advance was made at the interest rate of not more than 13%.

The financing period to Entity A in relation to the IPO of China Merchants Bank Company Limited was 8 days from the closing date of the said IPO.

Entity A is two high net worth individuals, who has been a client of VC Brokerage for over 3 years and has never defaulted in repayment in respect of advances made by VC Brokerage.

Pursuant to Rule 17.16 of the GEM Listing Rules, as the relevant advance to Entity A increased from that previously disclosed and the amount of the increase is 3% or more under the Assets Ratio, the Company is under a general disclosure obligation to disclose certain particulars of the account receivable as prescribed under Rule 17.17 of the GEM Listing Rules.



## **15 September 2006**

On 15 September 2006, VC Brokerage further advanced the amounts as set out below to one new entity, Entity Y, who is independent of and not connected with the Company, its directors, chief executive and the substantial shareholders and any of their respective associates (as defined in the GEM Listing Rules). Details of the account receivables to Entity Y is set out as follows:

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 15 September 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 30 June 2006</b>	<b>Collateral market value (excl. IPO stock) as at date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity Y	54 million	9.6%	28.1%	N/A	Beijing Jingkelong Company Limited (547 times)

In respect of the advance made to Entity Y, the repayment term was on demand. It was secured by the relevant securities to be listed under the relevant IPO, when allotted. The advance was made at the interest rate of not more than 11%.

The financing period to Entity Y in relation to the IPO of Beijing Jingkelong Company Limited was 7 days from the closing date of the said IPO.

Entity Y is a high net worth individual who has been a client of VC Brokerage for more than 2 years and has never defaulted in repayment in respect of advances made by VC Brokerage.

Pursuant to Rule 17.15 of the GEM Listing Rules, as the amount of the accounts receivable as at the date of the advance exceeded 8% of the Company's latest published total assets, the Company is under a general disclosure obligation to disclose certain particulars of the account receivable as prescribed under Rule 17.17 of the GEM Listing Rules.

As at 15 September 2006, the account receivables due from Entity A and Entity X increased to HK\$570.9 million and HK\$84.4 million respectively. The increase in the account receivables due from Entity A and Entity X since the previously disclosed balances exceeded 3% of the Company's latest published total assets. The changes in the details of the account receivables from Entity A and Entity X are summarised as follows:

Clients	Amount previously disclosed (HK\$)	Amount as at 15 September 2006 (HK\$)	% of total assets of the Company	% of advance to the latest published net assets value of the Company as of 30 June 2006	Collateral market value (excl. IPO stock) as at date of advance (HK\$)	IPO stock concerned and number of times of over-subscription
Entity A	543.9 million	570.9 million	101.3%	296.9%	4.6 million	China Merchants Bank Co. Ltd. (266.05 times)  Beijing Jingkelong Company Limited (547 times)
Entity X	57.0 million	84.4 million	15.0%	43.9%	7.4 million	China Merchants Bank Co. Ltd. (266.05 times)  Beijing Jingkelong Company Limited (547 times)

In respect of the advances made to Entities A and X, the repayment terms were on demand. Both advances are secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage. The advances were made at the interest rates of not more than 13% and 11% respectively.

The financing periods to the above entities in relation to the IPO of China Merchant Bank Company Limited and Beijing Jingkelong Company Limited were 8 days and 7 days respectively from the closing date of the relevant IPO.

Details of Entities A and X have been set out above.

Pursuant to Rule 17.16 of the GEM Listing Rules, as the relevant advance to Entity A and Entity X increases from that previously disclosed and the amount of the increase is 3% or more under the Assets Ratio, the Company is under a general disclosure obligation to disclose certain particulars of the account receivable as prescribed under Rule 17.17 of the GEM Listing Rules.

## **19 October 2006**

On 19 October 2006, VC Brokerage advanced the amounts as set out below to five new entities who are independent of and not connected with the Company, its directors, chief executive and the substantial shareholders and any of their respective associates (as defined under the GEM Listing Rules). Details of the account receivables to the said entities are set out as follows:

<b>Clients</b>	<b>Approximate amount of accounts receivables as at 19 October 2006 (HK\$)</b>	<b>% of total assets of the Company</b>	<b>% of advance to the latest published net assets value of the Company as of 30 June 2006</b>	<b>Collateral market value (excl. IPO stock) as of date of advance (HK\$)</b>	<b>IPO stock concerned and number of times of over-subscription</b>
Entity Z	214.9 million	39.8%	116.6%	17.3 million	Industrial and Commercial Bank of China Limited (75.74 times)
	<u>9.3 million</u>				Margin financing
	<u><u>224.2 million</u></u>				
Entity AA	158.1 million	28.0%	82.2%	22.3 million	Industrial and Commercial Bank of China Limited (75.74 times)
Entity AB	117.8 million	20.9%	61.3%	2.1 million	Industrial and Commercial Bank of China Limited (75.74 times)
Entity AC	58.9 million	10.5%	30.6%	1.0 million	Industrial and Commercial Bank of China Limited (75.74 times)
Entity AD	83.7 million	14.9%	43.6%	1.6 million	Industrial and Commercial Bank of China Limited (75.74 times)
	<u>0.2 million</u>				Margin financing
	<u><u>83.9 million</u></u>				

In respect of the advances made to the above entities, the repayment terms were on demand. They were secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage. The advances to Entity Z and Entity AD were made at an interest rate of not more than 11%, and the advances made to Entity AA, Entity AB and Entity AC were made at an interest rate of not more than 13%.

The financing period to the above entities in relation to the IPO of Industrial and Commercial Bank of China Limited was 8 days from the closing date of the said IPO.

Entity Z comprises of two high net worth individuals, who has been a client of VC Brokerage for more than 4 years. Entity AA is a high net worth individual who has been a client of VC Brokerage for more than 9 years. Entity AB is a high net worth individual who has been a client of VC Brokerage for more than 10 years. Entity AC comprises of two high net worth individuals, who has been a client of VC Brokerage for more than 2 years. Entity AD is a high net worth individual who has been a client of VC Brokerage for more than 2 years. All the above entities have never defaulted in the repayment in respect of advances made by VC Brokerage.

Pursuant to Rule 17.15 of the GEM Listing Rules, as the amount of the accounts receivable as at the date of the advance exceeded 8% of the Company's latest published total assets, the Company is under a general disclosure obligation to disclose certain particulars of the account receivable as prescribed under Rule 17.17 of the GEM Listing Rules.

As at 19 October 2006, the account receivables due from Entity G and Entity V increased to HK\$287.4 million and HK\$282.2 million respectively. The increase in the account receivables due from Entity G and Entity V since the previously disclosed balances exceeded 3% of the Company's latest published total assets. The changes in the details of the account receivables from Entity G and Entity V are summarised as follows:

Clients	Amount previously disclosed (HK\$)	Amount as at 19 October 2006 (HK\$)	% of total assets of the Company	% of advance to the latest published net assets value of the Company as of 30 June 2006	Collateral market value (excl. IPO stock) as of date of advance (HK\$)	IPO stock concerned and number of times of over-subscription
Entity G	84.7 million	287.4 million	51.0%	149.5%	24.0 million	Industrial and Commercial Bank of China Limited (75.74 times)
Entity V	200.0 million	282.2 million	50.0%	146.8%	–	Industrial and Commercial Bank of China Limited (75.74 times)

In respect of the advances made to the above entities, the repayment terms were on demand. Both advances are secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage. The advances to Entity G and Entity V were made at an interest rate of not more than 13% and 11% respectively.

The financing period to the above entities in relation to the IPO of Industrial and Commercial Bank of China Limited was 8 days from the closing date of the said IPO.

Entity G is a high net worth individual who has been a client of VC Brokerage for more than 8 years. Entity V is a high net worth individual who has been a client of VC Brokerage for more than 5 years. Entity G and Entity V have never defaulted in the repayment in respect of advances made by VC Brokerage.

Pursuant to Rule 17.16 of the GEM Listing Rules, as the relevant advance to Entity G and Entity V increases from that previously disclosed and the amount of the increase is 3% or more under the Assets Ratio, the Company is under a general disclosure obligation to disclose certain particulars of the account receivable as prescribed under Rule 17.17 of the GEM Listing Rules.

By order of the Board of  
**Value Convergence Holdings Limited**  
**Samuel Tsang**  
*Company Secretary*

Hong Kong, 5 January 2007

*As at the date hereof, the board comprises two Executive Directors, namely, Mr. Ho, Lawrence Yau Lung (President and Vice Chairman) and Mr. Patrick Sun (Chief Executive Officer); three Non-executive Directors, namely, Dr. Ho Hung Sun, Stanley (Chairman), Dr. Lee Jun Sing and Attorney Patajo-Kapunan, Lorna; and three Independent Non-executive Directors, namely, Mr. Sham Sui Leung, Daniel, Dr. Tyen Kanhee, Anthony and Mrs. Chu Ho Miu Hing.*

*This announcement, for which the directors of VALUE CONVERGENCE HOLDINGS LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to VALUE CONVERGENCE HOLDINGS LIMITED. The directors of VALUE CONVERGENCE HOLDINGS LIMITED, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcement" page for at least 7 days from the date of its posting and on the website of the Company at [www.valueconvergence.com](http://www.valueconvergence.com).*