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Melco International Development Limited
新濠國際發展有限公司
(Incorporated in Hong Kong with limited liability)

Website: <http://www.melco-group.com>

(Stock Code: 200)



(Incorporated in Hong Kong with limited liability)

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

(Stock Code: 8101)

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF
NEW SHARES OF VALUE
CONVERGENCE HOLDINGS LIMITED
AND
RESUMPTION OF TRADING**

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF
NEW SHARES
AND
RESUMPTION OF TRADING**

On 10 July 2007, the Vendor entered into (i) the Placing Agreement with the Placing Agent and the Company; and (ii) the Subscription Agreement with the Company.

Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent, up to 50,680,000 existing Shares at a price of HK\$2.20 per Share, on a best efforts basis, to not less than six Placers, which are independent professional, institutional and other investors.

Pursuant to the Subscription Agreement, the Vendor conditionally agreed to subscribe for up to 50,680,000 Top-Up Subscription Shares at a price of HK\$2.20 per Share.

The maximum Placing Shares (or the maximum Top-Up Subscription Shares) of 50,680,000 Shares represent (i) approximately 19.96% of the existing issued share capital of the Company of 253,860,179 Shares; and (ii) approximately 16.64% of the issued share capital of the Company of 304,540,179 Shares as enlarged by the Top-Up Subscription.

The Placing Price (or the Top-Up Subscription Price) of HK\$2.20 represents (i) a discount of approximately 6.38% to the closing price of HK\$2.35 per Share as quoted on the Stock Exchange on 6 July 2007, being the last full trading day before the date of the Placing Agreement; and (ii) a discount of approximately 1.08% to the average closing price per Share of HK\$2.224 as quoted on the Stock Exchange for the last five trading days up to the date of the Placing Agreement.

The Placing is unconditional while the Top-Up Subscription is subject to the conditions set out in the paragraph headed “Conditions of the Top-Up Subscription” below.

The net proceeds from the Top-Up Subscription of approximately HK\$109.5 million will be utilized as general working capital of the Group or applied to the possible acquisition of The Macau Chinese Bank Limited, as referred to in the announcement of the Company dated 9 July 2007, if and when it materializes or to other investment opportunities as and when they arise.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:32a.m. on Monday, 9 July 2007 pending the release of a clarification announcement of the Company dated 9 July 2007 and was continued to be suspended from Tuesday, 10 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30a.m. on Wednesday, 11 July 2007.

As the directors of Melco International Development Limited consider that the Placing and the Top-Up Subscription constitutes price sensitive information of Melco International Development Limited, trading in its shares was suspended from 9:30a.m. on Tuesday, 10 July 2007 pending the release of this announcement. Application has been made by Melco International Development Limited to the Stock Exchange for the resumption of trading in its share on the Stock Exchange with effect from 9:30a.m. on Wednesday, 11 July 2007.

THE PLACING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

Date

10 July 2007

Parties involved

- i) Melco Financial Group Limited, as the Vendor;
- ii) VC Brokerage Limited, as the Placing Agent; and
- iii) the Company.

THE PLACING

The Vendor

The Vendor, Melco Financial Group Limited, a wholly-owned subsidiary of Melco International Development Limited whose shares are listed on the Main Board of the Stock Exchange, holds approximately 63.39% of the issued share capital of the Company immediately before the entering into of the Placing Agreement.

The Placing agent

VC Brokerage Limited, an indirect wholly-owned subsidiary of the Company.

Placees

Not less than six Placees which are independent professional, institutional and other investors, and who and whose ultimate beneficial owners, are (i) not connected person(s) (as defined in the GEM Listing Rules) of the Company and its subsidiaries; and (ii) not parties acting in concert with the Vendor and its associates;

It is expected that none of the Placees will become substantial Shareholders immediately after the Placing.

Number of Placing Shares

The maximum Placing Shares (or the Top-Up Subscription Shares) of 50,680,000 Shares represent:

- (i) approximately 19.96% of the existing issued share capital of the Company of 253,860,179 Shares; and
- (ii) approximately 16.64% of the issued share capital of the Company of 304,540,179 Shares as enlarged by the Top-Up Subscription.

Placing Price

The Placing Price (or the Top-Up Subscription Price) of HK\$2.20 represents:

- (i) a discount of approximately 6.38% to the closing price of HK\$2.35 per Share as quoted on the Stock Exchange on 6 July 2007, being the last full trading day before the date of the Placing Agreement; and
- (ii) a discount of approximately 1.08% to the average closing price per Share of HK\$2.224 as quoted on the Stock Exchange for the last five trading days up to the date of the Placing Agreement.

The net Placing Price, after taken into account the estimated expenses of the Placing and the Top-Up Subscription of approximately HK\$2 million, would be approximately HK\$2.16 per each Placing Share.

The Placing Price is negotiated and determined on an arm's length basis amongst the Vendor, the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and its Shareholders as a whole.

Condition of the Placing

The Placing is unconditional.

Completion of the Placing

It is expected that the Placing will be completed on or before 24 July 2007.

Rights of the Placing Shares

The Placing Shares will be sold by the Vendor free from all liens, charges, encumbrances and any third party rights and together with all rights attaching thereto at the date of completion of the Placing.

Placing commission payable to the Placing Agent

The Placing commission is calculated as 3% of the amount equal to the Placing Price multiplied by the number of the Placing Shares actually sold by the Placing Agent under the Placing.

THE TOP-UP SUBSCRIPTION

The Subscriber

The Vendor

Top-up Subscription Price

The Top-Up Subscription Price is HK\$2.20 per Share, which is the same as the Placing Price and is determined after arm's length negotiation amongst the Company, the Vendor and the Placing Agent with reference to the Placing Price of the Placing Shares.

Number of Top-Up Subscription Shares

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares, being a maximum of 50,680,000 Shares.

Ranking of Top-Up Subscription Shares

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu amongst themselves and with all the existing Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

Conditions of the Top-Up Subscription

The Top-Up Subscription is conditional upon:

- i) Completion of the Placing; and
- ii) The GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Top-Up Subscription Shares.

The Subscription Agreement does not provide either party the rights to waive the above conditions.

Completion of the Top-Up Subscription

Under the GEM Listing Rules, the Top-Up Subscription must be completed within 14 days after the date of the Placing Agreement and the Subscription Agreement, that is, on or before 24 July 2007.

Subject to fulfillment of the above conditions, completion of the Top-Up Subscription will take place on the business days following the day upon which all of the conditions set out above are satisfied, provided that completion will not be later than 14 days after the date of the Subscription Agreement or such later date as the Company and the Vendor may agree in writing.

If the conditions are not fulfilled by 24 July 2007, the Top-Up Subscription will lapse if not otherwise extend. If the date of completion of the Subscription is by mutual agreement extended beyond 24 July 2007, the Top-Up Subscription will constitute a connected transaction under Chapter 20 of the GEM Listing Rules which will require the approval of the independent Shareholders and the Company will take steps to ensure compliance with the GEM Listing Rules. Further announcement in this regard will be made by the Company.

EFFECTS ON SHAREHOLDING

| Name of Shareholder | Immediately before completion of the Placing | | Immediately after completion of the Placing but before the completion of the Top-Up Subscription | | After completion of the Placing and the Top-Up Subscription | |
|---------------------------------------|--|---------------|--|---------------|---|---------------|
| | No. of Shares | Approximate % | No. of Shares | Approximate % | No. of Shares | Approximate % |
| The Vendor | 160,930,381 | 63.39 | 110,250,381 | 43.43 | 160,930,381 | 52.84 |
| Mr. Ho, Lawrence Yau Lung (Note 1) | 4,232,627 | 1.67 | 4,232,627 | 1.67 | 4,232,627 | 1.39 |
| Dr. Ho Hung Sun, Stanley (Note 2) | 7,384,651 | 2.91 | 7,384,651 | 2.91 | 7,384,651 | 2.42 |
| Dr. Lee Jun Sing (Note 3) | 6,299,702 | 2.48 | 6,299,702 | 2.48 | 6,299,702 | 2.07 |
| Public Shareholders | | | | | | |
| The Placee(s) | – | – | 50,680,000 | 19.96 | 50,680,000 | 16.64 |
| Other public Shareholders | 75,012,818 | 29.55 | 75,012,818 | 29.55 | 75,012,818 | 24.63 |
| | <u>253,860,179</u> | <u>100.00</u> | <u>253,860,179</u> | <u>100.00</u> | <u>304,540,179</u> | <u>100.00</u> |

Immediately after completion of the Placing but before the completion of Top-Up Subscription, the Company will be held as to 43.43% by the Vendor but will continue to be treated as an indirect non wholly-owned subsidiary of Melco International Development Limited as it continues to control the composition of the board of directors the Company.

Notes:

1. Mr. Ho, Lawrence Yau Lung is taken to be interested in 4,232,627 Shares as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 1.67% of the existing issued share capital of the Company.
2. Dr. Ho Hung Sun, Stanley is taken to be interested in 7,384,651 Shares as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 2.91% of the existing issued share capital of the Company.
3. Dr. Lee Jun Sing is taken to be interested in 6,299,702 Shares as a result of him being beneficially interested in the entire issued share capital of Best Summit International Limited which in turn holds approximately 2.48% of the existing issued share capital of the Company.

REASONS FOR THE PLACING AND TOP-UP SUBSCRIPTION AND USE OF PROCEEDS

The Directors considered various ways of raising funds and are of the view that the Placing and Top-Up Subscription represent opportunities to raise capital for the Company while broadening the shareholder base and the capital base of the Company.

The gross proceeds from the Top-Up Subscription is approximately HK\$111.50 million. The Company will bear the costs and expenses in connected with the Placing and Top-Up Subscription incurred by the Vendor, the Placing Agent and itself. The net proceeds from the Top-Up Subscription (after deducting the underwriting commission for the Placing and other expenses which will be paid by the Company) of approximately HK\$109.50 million will be utilized as general working capital or applied to the possible acquisition of The Macau Chinese Bank Limited, if and when it materializes, as referred to in the announcement of the Company dated 9 July 2007 or to other investment opportunities as and when they arise.

CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

There was no fund raising activity conducted by the Company during the past 12 months immediately before the date of this announcement.

INFORMATION ON THE GROUP

The Group is 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 arrangement, assets management and corporate finance advisory services focusing on the markets in Hong Kong, Macau and the PRC.

GENERAL MANDATE

The Top-Up Subscription Shares will be issued under the general mandate (“General Mandate”) to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting (the “AGM”) of the Company held on 19 April 2007 subject to the limit up to 20% of the issued share capital of the Company (i.e. 50,772,035 Shares) as at the date of passing the resolution at the AGM. As at the date of this announcement, none of the new Shares has been issued under the General Mandate.

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Top-Up Subscription Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:32 a.m. on Monday, 9 July 2007 pending the release of a clarification announcement of the Company dated 9 July 2007 and was continued to be suspended from Tuesday, 10 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30a.m. on Wednesday, 11 July 2007.

As the directors of Melco International Development Limited consider that the Placing and the Top-Up Subscription constitutes price sensitive information of Melco International Development Limited, trading in its shares was suspended from Tuesday, 10 July 2007 pending the release of this announcement. Application has been made by Melco International Development Limited to the Stock Exchange for the resumption of trading in its share on the Stock Exchange with effect from 9:30a.m. on Wednesday, 11 July 2007.

TERMS AND DEFINITION

| | | |
|-------------------------|---|---|
| “associates” | : | has the same meaning as ascribed to it in the GEM Listing Rules |
| “Board” | : | the board of directors of the Company |
| “Companies Ordinance” | : | the Companies Ordinance (Chapter 32) of the Laws of Hong Kong |
| “Company” | : | Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance whose shares are listed on GEM |
| “Director(s)” | : | director(s) of the Company |
| “GEM” | : | The Growth Enterprise Market operated by the Stock Exchange |
| “GEM Listing Rules” | : | the Rules Governing the Listing of Securities on GEM |
| “GEM Listing Committee” | : | The listing sub-committee of the board of directors of the Stock Exchange with responsible for GEM |
| “Group” | : | the Company and its subsidiaries |
| “Hong Kong” | : | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Macau” | : | the Macau Special Administrative Region of the People’s Republic of China |
| “Placing” | : | the placing of 50,680,000 existing Shares beneficially owned by the Vendor pursuant to the terms of the Placing Agreement |
| “Placee” | : | any professional, institutional or other investors procured by or on behalf of the Placing Agent to purchase any of the Top-Up Placing Shares by or on behalf of the Placing Agent to selected investors pursuant to the terms of the Placing Agreement |

| | | |
|------------------------------|---|---|
| “Placing Agent” | : | VC Brokerage Limited, an indirect wholly-owned subsidiary of the Company and a licensed corporation to carry on business in types 1 and 4 regulated activities (dealing in securities and advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Placing Agreement” | : | the placing agreement entered into between the Vendor, the Company and the Placing Agent dated 10 July 2007 in relation to the Placing |
| “Placing Price” | : | HK\$2.20 per Share |
| “Placing Shares” | : | 50,680,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing Agreement |
| “Share(s)” | : | the ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | : | holder(s) of the Share(s) |
| “Stock Exchange” | : | The Stock Exchange of Hong Kong Limited |
| “Subscription Agreement” | : | the subscription agreement entered into between the Vendor and the Company dated 10 July 2007 in relation to the Top-Up Subscription |
| “Top-Up Subscription” | : | the subscription of 50,680,000 new Shares pursuant to the term of the Subscription Agreement |
| “Top-Up Subscription Price” | : | HK\$2.20 per Share |
| “Top-Up Subscription Shares” | : | 50,680,000 new Shares to be subscribed for by the Vendor pursuant to the Subscription Agreement |
| “Vendor” | : | Melco Financial Group Limited, a wholly-owned subsidiary of Melco International Development Limited whose shares are listed on the Main Board of the Stock Exchange |

“HK\$” : Hong Kong dollars, the lawful currency of Hong Kong

“%” : per cent.

By order of the Board of
Melco International Development Limited
Tsang Yuen Wai, Samuel
Company Secretary

By order of the Board of
Value Convergence Holdings Limited
Tsang Yuen Wai, Samuel
Company Secretary

Hong Kong, 10 July 2007

As at the date of this announcement, the Board of the Company 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.

As at the date of this announcement, the board of Melco International Development Limited comprises three Executive Directors; namely, Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence (Chief Operating Officer); one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely, Sir Roger Lobo, Dr. Lo Ka Shui and Mr. Sham Sui Leung, Daniel.

This announcement, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information 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 on bases and assumptions that are fair and reasonable.

The directors of Melco International Development Limited collectively and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company) and confirm, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information 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 on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.valueconvergence.com.