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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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This circular is for information purposes only and does not constitute an invitation or offer to acquire or subscribe for securities.

**If you are in any doubt** as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Value Convergence Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

### **REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders of the Company**



**Hantec Capital Limited**

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A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on page 8 of this circular. A letter from Hantec Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 9 to 14 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of the Company to be held at 11:00 a.m. on Friday, 17 August 2007 at 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, is set out on pages 15 to 17 of this circular. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company’s registered office at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

This circular will remain on the “Latest Company Announcement” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days of the date of its publication and on the website of the Company at [www.valueconvergence.com](http://www.valueconvergence.com).

2 August 2007

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company held on 19 April 2007 in which the Shareholders had approved, among other matters, the General Mandate
“associates”	has the same meaning as ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“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)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held at 11:00 a.m. on Friday, 17 August 2007 at 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong to consider and, if appropriate, to approve the proposed New General Mandate, a notice of which is set out on pages 15 to 17 of this circular
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the AGM and the date of which the relevant resolution was passed
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all of the Independent Non-executive Directors, set up to advise the Independent Shareholders as to the fairness and reasonableness of the New General Mandate

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## DEFINITIONS

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“Independent Financial Adviser” or “Hantec”	Hantec Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed New General Mandate
“Independent Shareholders”	shareholders of the Company other than Melco Financial and its associates
“Latest Practicable Date”	31 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Macau”	the Macau Special Administrative Region of the PRC
“Melco Financial”	Melco Financial Group Limited, the controlling shareholder of the Company, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Melco International Development Limited whose shares are listed on the Main Board of the Stock Exchange
“New General Mandate”	the general mandate proposed to grant to the Directors at the EGM to allot, issue and deal with new Shares up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution by the Independent Shareholders
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	percentage

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Ho, Lawrence Yau Lung (*President & Vice Chairman*)

Mr. Patrick Sun (*Chief Executive Officer*)

*Non-executive Directors:*

Dr. Ho Hung Sun, Stanley (*Chairman*)

Dr. Lee Jun Sing

Attorney Patajo-Kapunan, Lorna

*Independent Non-executive Directors:*

Dr. Tyen Kanhee, Anthony

Mr. Sham Sui Leung, Daniel

Mrs. Chu Ho Miu Hing

*Registered office:*

28th Floor, The Centrium

60 Wyndham Street

Central

Hong Kong

2 August 2007

*To the Independent Shareholders*

Dear Sir or Madam,

### **REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

#### **1. INTRODUCTION**

The purpose of this circular is to provide you with information in relation to (i) the proposed New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed New General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the proposed New General Mandate; and (iv) the notice of EGM at which relevant resolution will be proposed to the Independent Shareholders to consider, and if thought fit, to approve the proposed New General Mandate.

#### **2. REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

At the AGM, the general mandate was granted to the Directors to exercise the powers of the Company to issue, allot and deal with up to 50,772,035 Shares, being 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of the AGM. During the period between the date of which the General Mandate was granted to the Latest Practicable Date, 50,680,000 Shares had been issued under the General Mandate, representing 99.82% of the aggregate number of Shares which may be issued, allotted and dealt under the General Mandate.

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## **LETTER FROM THE BOARD**

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As the General Mandate is substantially utilized and such mandate has not been refreshed since it was granted at the AGM, the Directors propose to seek approval from the Independent Shareholders at the EGM, to refresh the General Mandate and grant to the Directors the proposed New General Mandate to authorize the Directors to further issue, allot and deal with new Shares not exceeding 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of the EGM.

Based on the 308,357,451 Shares in issue as at the Latest Practicable Date and if the proposed New General Mandate is approved at the EGM and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the total number of new Shares that may be issued under the proposed New General Mandate is 61,671,490 Shares, representing 20% of the 308,357,451 Shares in issue as at the EGM date.

### **3. REASONS FOR THE REFRESHMENT OF GENERAL MANDATE**

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.

As discussed above, the General Mandate is substantially utilized and 50,680,000 Shares had been issued under the General Mandate, representing 99.82% of the aggregate number of Shares which may be issued, allotted and dealt under the General Mandate. The Directors considered that the proposed New General Mandate will enhance and maintain the Company's financial flexibility for any future fund raising exercises of the Group to provide general working capital to the Group or apply 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.

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## LETTER FROM THE BOARD

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### Fund Raising Activities since the AGM

<b>Date of Initial Announcement</b>	<b>Event</b>	<b>Net Proceeds</b>	<b>Intended use of proceed</b>	<b>Actual use of proceed as at the Latest Practicable Date</b>
10 July 2007	Placing of 50,680,000 existing Shares and Top-Up Subscription of 50,680,000 new Shares	Approximately HK\$109.5 million	As general working capital of the Group 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	As general working capital of the Group

In view of the above, the Directors consider the New General Mandate, which may or may not be utilized, is in the best interest of the Company and the Independent Shareholders as a whole.

#### **4. EXTRAORDINARY GENERAL MEETING**

Pursuant to the Rule 17.42A(1) of the GEM Listing Rules, any controlling shareholders and their associates, or where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to be proposed at the EGM to approve the proposed New General Mandate. As at the Latest Practicable Date, Melco Financial, being the Company's controlling shareholder, and its associates which, in aggregate, were interested in 165,163,008 Shares, representing of 53.56% of the issued share capital of the Company, will abstain from voting in favour of and have no intention to vote against the relevant resolution to approve the proposed New General Mandate at the EGM.



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## LETTER FROM THE BOARD

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A notice convening the EGM to be held at 11:00 a.m. on Friday, 17 August 2007 at 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong is set out on pages 15 to 17 of this circular at which an ordinary resolution will be proposed and, if thought fit, passed by the Independent Shareholders (by way of poll), to approve the proposed New General Mandate.

The Independent Board Committee comprising the three Independent Non-executive Directors namely, Dr. Tyen Kanhee, Anthony, Mr. Sham Sui Leung, Daniel and Mrs. Chu Ho Miu Hing, has been set up to advise the Independent Shareholders as to whether or not the terms of the proposed New General Mandate are fair and reasonable and in the interests of the Independent Shareholders as a whole. Hantec has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed New General Mandate.

A proxy form for use by the Independent Shareholders at the EGM is enclosed. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

### **5. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Article 73 of the Company's articles of association sets out the procedures by which the Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:–

- (a) by the Chairman; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by any member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

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## LETTER FROM THE BOARD

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### 6. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on page 8 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders concerning the proposed New General Mandate; and (ii) the letter from Hantec to the Independent Board Committee and the Independent Shareholders as set out on pages 9 to 14 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taking into account the advice from Hantec in relation to the proposed New General Mandate, considers that the terms of the proposed New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the proposed New General Mandate.

### 7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

By order of the Board of  
**Value Convergence Holdings Limited**  
**Ho, Lawrence Yau Lung**  
*President & Vice Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

28th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

2 August 2007

*To the Independent Shareholders*

Dear Sir or Madam,

#### **REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

We have been appointed as members of the Independent Board Committee to advise you in respect of the proposed New General Mandate, details of which are set out in the “Letter from the Board” in the circular dated 2 August 2007, of which this letter forms part. Terms used in this letter have the same meanings as defined in the said circular unless the context otherwise requires.

We wish to draw your attention to the letter of advice from Hantec as set out on pages 9 to 14 of this circular, which contains its advice and recommendation to us as to whether or not the terms of the proposed New General Mandate are fair and reasonable and in the interests of the Independent Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendation.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, Hantec as stated in its aforementioned letter of advice, we are of the opinion that the terms of the proposed New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the proposed New General Mandate.

Yours faithfully,

**For and on behalf of the Independent Board Committee**

**Dr. Tyen Kanhee, Anthony    Mr. Sham Sui Leung, Daniel    Mrs. Chu Ho Miu Hing**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Hantec to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this circular:*



**Hantec Capital Limited**  
45th Floor, COSCO Tower  
183 Queen's Road Central  
Hong Kong

2 August 2007

*To the Independent Board Committee and the Independent Shareholders of  
Value Convergence Holdings Limited*

Dear Sirs and Madams,

### **REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the proposed New General Mandate to issue Shares, details of which are contained in the letter from the Board contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 2 August 2007, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

Pursuant to Rule 17.42A of the GEM Listing Rules, the proposed New General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives of the Company and their respective associates shall abstain from voting in favour of the resolution approving the proposed New General Mandate. As at the Latest Practicable Date, Melco Financial, being the Company’s controlling shareholder, and its associates shall abstain from voting in favour of the resolution approving the proposed New General Mandate.

The Independent Board Committee comprising the three independent non-executive Directors namely, Dr. Tyen Kanhee, Anthony, Mr. Sham Sui Leung, Daniel and Mrs. Chu Ho Miu Hing, has been set up to advise the Independent Shareholders as to whether or not the terms of the proposed New General Mandate are fair and reasonable and in the interests of the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In arriving at our opinion, we have relied on the information or referred to in the Circular and the information supplied by the Company. We have assumed that the information provided and representations made to us by the Company are true, accurate and complete at the time they were made and continue to be so at the date of this letter. We consider that we have been provided sufficient information to reach an informed view, to justify our reliance on the accuracy of the information provided and representations made to us by the Company and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld from the information provided nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. Having made all reasonable enquiries, the Directors have confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have performed all necessary steps, including the notes thereto, to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have not, however, conducted an independent verification of the information provided by the Company nor have we carried out any independent investigation into the business and affairs of the Company or any of its respective subsidiaries or associates.

### **PRINCIPAL FACTORS TAKEN INTO ACCOUNT**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the proposed New General Mandate to issue Shares, we have taken the following principal factors and reasons into consideration:

#### **1. Background and the use of the General Mandate**

At the AGM, the General Mandate was granted to the Directors to exercise the powers of the Company to issue, allot and deal with up to 50,772,035 new Shares, being 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of the AGM. During the period between the date of which the General Mandate was granted to the Latest Practicable Date, 50,680,000 Shares had been allotted and issued under the General Mandate as a result of a placing and top-up subscription as announced by the Company on 10 July 2007 (details are set out below), representing 99.82% of the aggregate number of Shares which can be issued, allotted and dealt under the General Mandate.

As jointly announced by the Company and Melco International Development Limited on 10 July 2007, Melco Financial, a wholly-owned subsidiary of Melco International Development Limited and as the vendor, had on 10 July 2007 entered into (i) the placing agreement with the placing agent and the Company, and (ii) the top-up subscription agreement with the Company. Pursuant to the placing agreement, Melco Financial agreed to place an aggregate of 50,680,000 Shares to not less than six placees, which are independent professional, institutional and other investors, at a price of HK\$2.20 per Share. Pursuant to the top-up subscription agreement, Melco Financial conditionally agreed to subscribe for 50,680,000 subscription Shares at a price of HK\$2.20 per Share. The subscription Shares were issued and allotted under the General Mandate and the net proceeds from the subscription of approximately HK\$109.5 million are intended to be used for the general working capital of the Group or for the possible acquisition of The Macau Chinese Bank Limited, if and when it materializes, as referred to in the announcement of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Company dated 9 July 2007 or for other investment opportunities as and when they arise. The placing was completed on 11 July 2007 and the top-up subscription was completed on 24 July 2007. As a result, the issuance of 50,680,000 Shares under the aforesaid top-up subscription has substantially utilized the limit granted to the Directors under the General Mandate and the number of issued Shares of the Company was increased from 253,860,179 Shares as at the date of the AGM to 308,357,451 Shares as at the Latest Practicable Date as a result of the completion of the placing and the subscription and the exercise of options pursuant to the share option scheme adopted by the Company on 29 November 2001.

### **2. Reasons for the proposed New General Mandate**

Given that (i) the General Mandate has been substantially utilized; and (ii) the Directors consider that the proposed New General Mandate will maintain the Company's financial flexibility for any future fund raising exercise of the Group at any time should that be required, the Directors will seek for the approval of the Independent Shareholders at the EGM for the proposed New General Mandate.

In arriving at our opinion in respect of the fairness and reasonableness of the New General Mandate, we have considered the following factors:

#### *1. Financial flexibility in terms of capital-raising*

Pursuant to the General Mandate, 50,772,035 new Shares could be allotted and issued. During the period from the grant of the General Mandate to the Latest Practicable Date, the General Mandate has been substantially utilized under the aforesaid top-up subscription and an aggregate of 50,680,000 new Shares were issued under the General Mandate. Taking into account the aforesaid top-up subscription and the exercise of options pursuant to the share option scheme adopted by the Company on 29 November 2001 and based on the 308,357,451 Shares in issue as at the Latest Practicable Date and if the proposed New General Mandate is approved at the EGM and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the total number of new Shares that may be issued under the proposed New General Mandate is 61,671,490 Shares, representing 20% of the 308,357,451 Shares in issue as at the EGM date. Despite of the fact that the Group has not had any immediate fund raising plans, there is no certainty that existing working capital resources and the fund raised under the aforesaid top-up subscription will be adequate, or other financing alternatives will be available for acquisition of appropriate investments that may be identified by the Company in the future. As the General Mandate has been substantially utilized and only 92,035 new Shares could be allotted and issued under the General Mandate prior to the next annual general meeting of the Company, the Group may then be in a disadvantageous position if it is unable to obtain sufficient funds in a timely manner to finance a potential investment or acquisition. As such, we concur with the Directors that the allotment and issuance of new Shares under the New General Mandate will potentially increase the amount of capital to be raised and provide more options of financing to the Group when contemplating any potential investments or acquisitions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. *Shortening the required time for raising capital*

The Directors advised that, as at the Latest Practicable Date, no immediate funding was required for the operation of the business of the Group, and no definite investment plans which may require equity financing by issuing Shares were outstanding. However, the Directors believe that funding requirement or appropriate investment opportunities may arise at any time and such funding or investment decisions have to be required or made within a short period of time. Consequently, the Directors consider that the New General Mandate will provide the Group with the flexibility of issuing new Shares by way of share placement to raise capital within a short period of time. The Directors believe that the New General Mandate will maintain the financial flexibility for the Group whenever any equity financing should be required.

Having considered that (i) the Group would not rule out any future chances to develop its business and funding requirements or appropriate investment opportunities which may arise at any time where such funding or investment decision may be required or made within short period of time; and (ii) share placement exercises are dependent, to a large extent, on market conditions which can be volatile and such opportunities may not always arise, we are of the view that the proposed New General Mandate is reasonable as it will provide the Group with the financial flexibility to respond to the market promptly and to allot and issue new Shares to raise capital in a timely manner through equity financing should that be required.

### 3. **Other alternative of financing**

Other than raising funds by way of issuing equity capital, the Board indicates that the Company will consider other financing methods such as bank financing, debt financing in order to meet its financing requirements arising from future investment of the Group, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. Yet, these alternatives may be subject to lengthy due diligence and negotiations. As such, the New General Mandate will serve as one of the alternatives for the Company to finance the Group's investments and the Board will use the method that serves the best interests of the Group. We therefore consider that the proposed New General Mandate would provide the Group with flexibility to determine the appropriate financing method for future transactions and/or other potential investment opportunities given that (i) the nature of equity financing is non-interest bearing and requires no collateral or securities; and (ii) a board capital base may enhance the liquidity of the Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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#### 4. Potential dilution to shareholding of the Independent Shareholders

For illustration purpose only, we set out below a table depicting the shareholding structure of the Company as at the Latest Practicable Date and upon full utilization of the New General Mandate:

	As at the Latest Practicable Date		Upon the full utilization of the New General Mandate	
	Shares	%	Shares	%
Melco Financial	160,930,381	52.19	160,930,381	43.49
Mr. Ho, Lawrence Yau Lung (Note 1)	4,232,627	1.37	4,232,627	1.14
Dr. Ho Hung Sun, Stanley (Note 2)	7,384,651	2.40	7,384,651	2.00
Dr. Lee Jun Sing (Note 3)	6,299,702	2.04	6,299,702	1.70
Public Shareholders	129,510,090	42.00	129,510,090	35.00
Shares may be issued under the New General Mandate	–	–	61,671,490	16.67
<b>Total</b>	<b><u>308,357,451</u></b>	<b><u>100.00</u></b>	<b><u>370,028,941</u></b>	<b><u>100.00</u></b>

*Notes:*

- 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 1.37% of the existing issued share capital of the Company.
- 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 2.40% of the existing issued share capital of the Company.
- 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 2.04% of the existing issued share capital of the Company.

Shareholders should be aware that the General Mandate will be revoked upon approval at the date of EGM by the Independent Shareholders on the proposed New General Mandate which will be and continue to be in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company's articles or any applicable laws of Hong Kong to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying such mandate, whichever occurs first.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon full utilization of the New General Mandate, 61,671,490 new Shares can be issued, representing 20% and approximately 16.67% of the issued share capital as at the date of EGM and the enlarged issued share capital of the Company respectively. Assuming no Shares will be issued and/or repurchased during the period between the Latest Practicable Date and the date of EGM, the aggregate shareholding of the existing public Shareholders will decrease from approximately 42.00% as at the date of EGM to approximately 35.00% after the full utilization of the New General Mandate. The existing public Shareholders will have a potential maximum decrease in shareholding of approximately 7.00% after the full utilization of the New General Mandate.

Taking into account that (i) the proposed New General Mandate allows the Company to raise capital by allotment and issuance of Shares before the next annual general meeting of the Company; (ii) the proposed New General Mandate provides more flexibility and options of financing to the Group for further development of its business and for other potential future investments as and when such opportunities arise; and (iii) the shareholding of all the Shareholders will be decreased to the same extent upon any utilization of the New General Mandate, we consider such decrease of shareholding of the Independent Shareholders acceptable.

Based on the reasons discussed above, we concur with the Directors' view that the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole and the terms of the New General Mandate are fair and reasonable as far as the Independent Shareholders are concerned. Independent Shareholders are, however, advised to note the decrease in shareholding after the utilization of the New General Mandate on their shareholding interests in the Company.

### RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the proposed New General Mandate is in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New General Mandate.

Yours faithfully,  
For and on behalf of  
**Hantec Capital Limited**  
**Robert Siu**  
*Director*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** (the “Notice”) that an extraordinary general meeting (the “Meeting”) of Value Convergence Holdings Limited (the “Company”) will be held at 37th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, on Friday, 17 August 2007 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) subject to paragraph (c) of this ordinary resolution, the directors of the Company (“Directors”) be and are hereby granted an unconditional general mandate to allot, issue and deal with additional shares in the capital of the Company (“Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities and to make or grant offers, agreements and options which might require the exercise of such power;
- (b) the approval in paragraph (a) of this ordinary resolution shall be in addition to any other authorizations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as hereinafter defined);
  - (ii) the exercise of rights of subscription or conversion under the terms of any warrants or any securities which may be issued by the Company from time to time and which are convertible into Shares;
  - (iii) the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or such other persons eligible to participate in any such scheme(s) or arrangement(s) of Shares or rights to acquire Shares; or

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company or a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this ordinary resolution;
- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this ordinary resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this ordinary resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this ordinary resolution:

“Relevant Period” means the period from the passing of this ordinary resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

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

Hong Kong, 2 August 2007

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

28th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the registered office of the Company at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Whether or not you intend to attend the Meeting in person, you are strongly urged to complete and return the proxy form in accordance with the instructions printed thereon. Completion and return of the proxy form will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the proxy form, it will be deemed to have been revoked.