



VALUE CONVERGENCE HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8101)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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. 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 at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed companies.

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 GEM of the Stock Exchange (“GEM Listing Rules”) 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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 board of directors (the “Board”) of Value Convergence Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group” or “Value Convergence”) for the three months ended 30th September 2007 (“Three-Month Period”) and nine months ended 30th September 2007 (“Nine-Month Period”), together with comparative figures of the corresponding periods in 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Value Convergence is an established financial services group committed to delivering premier financial services and products that can fulfill the various investment and wealth management needs of clients in the Greater China region. The Group boasts expertise in areas including securities, futures and options brokering, asset management, as well as corporate finance services in relation to sponsoring and underwriting initial public offerings and mergers and acquisitions. During the Three-Month Period and the Nine-Month Period, the Group reported unaudited consolidated revenues of approximately HK\$89.4 million and HK\$223.3 million respectively, increased by about 180.1% and 77.7% compared with the corresponding periods in 2006 (three months and nine months ended 30th September 2006: HK\$31.9 million and HK\$125.7 million respectively). The Group’s unaudited consolidated profit before taxation for the Three-Month Period and the Nine-Month Period was approximately HK\$26.2 million and HK\$45.5 million respectively, about HK\$24.1 million and HK\$28.1 million more than in 2006 (three months and nine months ended 30th September 2006: HK\$2.1 million and HK\$17.5 million respectively).

Riding on the momentum built up in the first half of 2007, the financial services industry continued to expand rapidly in the third quarter. The average daily turnover of the Hong Kong stock market in the third quarter of 2007 reached approximately HK\$97.7 billion, about 272.2% and 48.2% higher than the approximately HK\$26.3 billion in the same period in 2006 and the HK\$65.9 billion in the preceding quarter.

Brokerage

Benefiting from the buoyant Hong Kong stock market in 2007, the Group’s brokerage business continued to improve. During the Nine-Month Period, gross brokerage commission income increased by 105.6% or about HK\$76.5 million to HK\$148.9 million compared with the same period last year. Net brokerage commission income also reported a 107.2% increase. Overall, the broking segment recorded improved revenues and operating profit of approximately HK\$148.9 million and HK\$28.3 million respectively for the Nine-Month Period (nine months ended 30th September 2006: approximately HK\$72.4 million and HK\$3.3 million respectively).

As for margin and other financing business, interest income grew approximately 39.9% to HK\$58 million for the Nine-Month Period against about HK\$41.4 million for the nine months ended 30th September 2006. As a result of reduction in external financing during the review period, the net interest income grew by about 45.9%. Overall, the Group’s margin and other financing segment reported an operating profit of approximately HK\$16.6 million for the Nine-Month Period, 62.7% more than the HK\$10.2 million registered for the corresponding period last year.

Corporate Finance and Others

In late September, the Group together with UBS AG acted as joint sponsors in the initial public offering of Hidili Industry International Limited that has raised over HK\$4 billion with an over-subscription of approximately 670 times in the Hong Kong Public Offer. This was a clear illustration of the Group's capability in deal solicitation and execution. In addition, the Group is determined to enhance its recurring fee-based revenue through the growth of the asset management business.

Capital Structure

In order to strengthen the Group's capital structure and raise funds for the Group's acquisitions and ongoing development of its core business, the Group raised a total of HK\$357.3 million (net of expenses) through two share placements during this quarter. It is anticipated that most of the proceeds will be applied towards the acquisition of The Macau Chinese Bank Limited ("MCB") (as further described below), on completion of the transaction. The first placement involved 50,680,000 shares issued at a price of HK\$2.20 per share and the second placement involved 61,000,000 shares issued at a price of HK\$4.20 per share. The shares were placed with independent third parties which comprise both institutional and retail investors. Both placements were done swiftly and successfully, reflecting the enhanced level of investor interest in the Group.

OUTLOOK

The strengthening local economy, improved corporate earnings and frequent fund raising activities had sent the local stock market on the uptrend in the first three quarters of the year. The Hang Seng Index reached a record closing high of over 27,000 in September 2007. However, with the possibility of the Chinese government stepping up control on the overheated economy and the sub-prime lending problem in the U.S. still looming, the stock market will continue to be highly volatile, commanding caution of investors for the rest of the year.

Looking ahead, the Group expects the economy to continue to revive and investor confidence to grow. The management is therefore optimistic about the long-term prospects of the Group's financial services business. With strong experience and managerial know-how in the financial services industry, Value Convergence will continue to enhance its product and service offerings to cater for clients' diverse and growing needs. The Group will also actively seek strategic acquisitions that can enable it to capture new business opportunities in the rapidly growing financial markets in the Greater China region and broaden its customer base, revenues and profit fundamentals, and ultimately improve shareholders' value.

As already disclosed, the Group entered into agreements on 28 September, 2007 to acquire a 60% interest in MCB, a licenced bank incorporated in the Macau Special Administrative Region of the PRC. The consideration for this acquisition is HK\$384 million and will be satisfied as to HK\$324 million in cash and as to HK\$60 million by the issue of new shares of the Company at HK\$6.00 per share. This acquisition is subject to the approval of the Monetary Authority of Macau and shareholders of the Company. However, the Company has already begun to work with MCB to adopt new business initiatives and focus. This acquisition is a

major strategic move for the Group, enabling it to gain a significant foothold in the financial services sector in Macau, a territory that is experiencing high economic growth, and allowing the Group to broaden its revenue base and business coverage and be transformed into a full-fledged financial services group. MCB will be able to capitalise on the strong presence and extensive business network in Macau of its largest shareholder, the Melco Group, and capture the continuous significant increase in capital flow in Macau, and thereby achieve immediate growth in earnings.

By Order of the Board of
Value Convergence Holdings Limited
Ho, Lawrence Yau Lung
President and Vice Chairman

Hong Kong, 12th November 2007

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and nine months period ended 30th September 2007

| | Note(s) | Unaudited | | Unaudited | |
|---|---------|--------------------|----------|-------------------|----------|
| | | Three months ended | | Nine months ended | |
| | | 2007 | 2006 | 2007 | 2006 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | (2) | 89,351 | 31,900 | 223,253 | 125,665 |
| Other income | | 1,336 | 496 | 2,393 | 1,763 |
| Net gain on trading investments | | 1,503 | 944 | 1,409 | 8,101 |
| Staff costs | (3) | (43,382) | (14,856) | (112,670) | (62,351) |
| Depreciation of property, plant and equipment | | (433) | (286) | (1,182) | (1,124) |
| Amortisation of trading rights | | (127) | (127) | (380) | (380) |
| Commission expenses | | (3,921) | (1,070) | (13,508) | (7,551) |
| Finance costs | (4) | (10,191) | (7,054) | (31,300) | (23,146) |
| Other operating expenses | | (7,932) | (7,887) | (22,493) | (23,507) |
| Profit before taxation | | 26,204 | 2,060 | 45,522 | 17,470 |
| Taxation charge | (5) | (4,700) | – | (9,500) | – |
| Profit for the period | | 21,504 | 2,060 | 36,022 | 17,470 |
| Earnings per share (<i>HK cents</i>) | | | | | |
| Basic | (6) | 6.97 | 0.82 | 13.23 | 6.94 |
| Diluted | (6) | 6.81 | 0.80 | 12.91 | 6.79 |

NOTES RELATING TO THE FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

The unaudited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

In the current period, the Group has applied, for the first time, a number of new standards and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on or after 1 January 2007. The adoption of these new HKFRSs has no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective.

HKAS 23 Borrowing costs (revised)¹

HKFRS 8 Operating segments¹

HK(IFRIC) – INT 11 HKFRS 2 – Group and treasury share transactions²

HK(IFRIC) – INT 12 Service concession arrangements³

HK(IFRIC) – INT 13 Customer Loyalty Programmes⁴

HK(IFRIC) – INT 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction³

¹ Effective for annual periods beginning on or after 1st January 2009.

² Effective for annual periods beginning on or after 1st March 2007.

³ Effective for annual periods beginning on or after 1st January 2008.

⁴ Effective for annual periods beginning on or after 1st July 2008.

The directors of the Company anticipate that the application of these standards or interpretations will have no material effects on the results and the financial position of the Group.

2. Revenue

Revenues principally arise from the investment banking and financial services business (comprising, among others, provision of initial public offerings, mergers and acquisitions, and other corporate finance related advisory services; and securities, futures and options broking and dealing).

| | Three months ended 30th September | | Nine months ended 30th September | |
|---|--------------------------------------|------------------|-------------------------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Brokerage commission from dealing in securities and futures and options contracts | 62,244 | 16,244 | 148,874 | 72,399 |
| Underwriting, sub-underwriting, placing and sub-placing commission | 3,214 | 147 | 8,561 | 7,080 |
| Arrangement, management, advisory and other fee income | 3,473 | 1,490 | 7,803 | 4,731 |
| Interest income from clients | 20,420 | 14,019 | 58,015 | 41,455 |
| | <u>89,351</u> | <u>31,900</u> | <u>223,253</u> | <u>125,665</u> |

3. Staff costs (including directors' emoluments)

| | Three months ended 30th September | | Nine months ended 30th September | |
|--|--------------------------------------|------------------|-------------------------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Staff commission | 35,096 | 7,981 | 82,188 | 39,496 |
| Wages and salaries | 7,357 | 6,392 | 27,660 | 21,113 |
| Staff welfare | 393 | 222 | 1,111 | 642 |
| Recruitment costs | 8 | 11 | 138 | 88 |
| Unutilised annual leave | – | – | – | (4) |
| Pension costs – contributions to defined contribution plans | 299 | 252 | 852 | 792 |
| Forfeiture of pension contributions | (22) | (2) | (31) | (181) |
| Recognition of equity-settled share based payment | 251 | – | 752 | 405 |
| | <u>43,382</u> | <u>14,856</u> | <u>112,670</u> | <u>62,351</u> |

4. Finance costs

| | Three months ended | | Nine months ended | |
|---|----------------------|---------------------|----------------------|----------------------|
| | 30th September | | 30th September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interests on bank loans and overdrafts wholly repayable within five years | 6,585 | 3,776 | 20,783 | 13,570 |
| Interests on loans from ultimate holding company | 3,606 | 3,278 | 10,517 | 9,576 |
| | <u>10,191</u> | <u>7,054</u> | <u>31,300</u> | <u>23,146</u> |

5. Taxation charge

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profit for the three months and nine months ended 30th September 2007. The amount of taxation charged to the consolidated income statement represents:

| | Three months ended | | Nine months ended | |
|-------------------------|---------------------|-----------------|---------------------|-----------------|
| | 30th September | | 30th September | |
| | 2007 | 2006 | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current taxation | | | | |
| – Hong Kong Profits Tax | 4,700 | – | 7,819 | – |
| Deferred taxation | – | – | 1,681 | – |
| | <u>4,700</u> | <u>–</u> | <u>9,500</u> | <u>–</u> |

As at 30th September 2007, the Group had estimated unused tax losses of approximately HK\$137,121,171 (30th September 2006: HK\$140,037,000) to carry forward against future taxable income. These estimated tax losses have no expiry date but are subject to the approval of the Hong Kong Inland Revenue Department.

6. Earnings per share

| | Three months ended 30th September | | Nine months ended 30th September | |
|---|--------------------------------------|------------------|-------------------------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Earnings | | | | |
| Earnings for the purposes of basic and diluted earnings per share | <u>21,504</u> | <u>2,060</u> | <u>36,022</u> | <u>17,470</u> |
| | | '000 | | '000 |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 308,503 | 252,798 | 272,255 | 251,653 |
| Effect of dilutive potential ordinary shares: Share options | <u>7,228</u> | <u>5,379</u> | <u>6,702</u> | <u>5,700</u> |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u>315,731</u> | <u>258,177</u> | <u>278,957</u> | <u>257,353</u> |

7. Reserves

| | Unaudited | | | | | Total HK\$'000 |
|---|---------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------------|-------------------|
| | Share premium HK\$'000 | Capital reserve HK\$'000 | Exchange reserve HK\$'000 | Retained profits HK\$'000 | Share Options reserve HK\$'000 | |
| At 1st January 2006 | 6,468 | 123,758 | (61) | 18,919 | – | 149,084 |
| Exercise of share options | 2,099 | – | – | – | – | 2,099 |
| Share issue expenses | (2) | – | – | – | – | (2) |
| Recognition of equity-settled share based payment | – | – | – | – | 405 | 405 |
| Profit for the period | – | – | – | 17,470 | – | 17,470 |
| At 30th September 2006 | <u>8,565</u> | <u>123,758</u> | <u>(61)</u> | <u>36,389</u> | <u>405</u> | <u>169,056</u> |

Unaudited

| | Share premium | Capital reserve | Exchange reserve | Retained profits | Share Options reserve | Total |
|---|--------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| At 1st January 2007 | 9,074 | 123,758 | (240) | 35,168 | 419 | 168,179 |
| Issue of shares | 347,160 | – | – | – | – | 347,160 |
| Exercise of share options | 2,747 | – | – | – | – | 2,747 |
| Share issue expenses | (982) | – | – | – | – | (982) |
| Exchange difference arising on translation of financial statements of an overseas subsidiary | – | – | (139) | – | – | (139) |
| Transfer to share premium upon exercise of share options | 405 | – | – | – | (405) | – |
| Recognition of equity-settled share based payment | – | – | – | – | 752 | 752 |
| Profit for the period | – | – | – | 36,022 | – | 36,022 |
| At 30th September 2007 | <u>358,404</u> | <u>123,758</u> | <u>(379)</u> | <u>71,190</u> | <u>766</u> | <u>553,739</u> |

INTERIM DIVIDEND

No dividends had been paid or declared by the Company for the nine months ended 30th September 2007 (nine months ended 30th September 2006: Nil).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the nine months ended 30 September 2007 or at any time during such period.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, the relevant interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in shares of the Company (the "Shares")

| Name of Directors | Nature of interests | Notes | Number of Shares interested | Approximate percentage of Shares interested |
|---------------------------|---------------------|-------|-----------------------------|---|
| Dr. Ho Hung Sun, Stanley | Corporate | (2) | 7,384,651 | 2.00% |
| Mr. Ho, Lawrence Yau Lung | Corporate | (3) | 165,163,008 | 44.72% |
| | Personal | (5) | 491,057 | 0.13% |
| Dr. Lee Jun Sing | Corporate | (4) | 6,299,702 | 1.71% |
| | Personal | (5) | 491,057 | 0.13% |
| Mr. Patrick Sun | Personal | (5) | 2,400,000 | 0.65% |

Notes:

1. As at 30 September 2007, the total number of issued shares of the Company was 369,357,451.
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 2.00% of the issued share capital of the Company.

3. Mr. Ho, Lawrence Yau Lung is taken to be interested in (i) 160,930,381 Shares as a result of him being beneficially interested in approximately 33.49% of the issued share capital of Melco International Development Limited (“Melco”) which in turn holds approximately 43.57% of the issued share capital of the Company; and (ii) 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 1.15% of the issued share capital of the Company.
4. 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 1.71% of the issued share capital of the Company.
5. The personal interests of the relevant directors represent their respective derivative interests in the Company comprising the share options, details of which are set out in the subsection headed “Derivative interests in the Company” below.

(ii) Derivative interests in the Company

Pursuant to the share option scheme adopted by the Company on 29 November 2001 (the “Share Option Scheme”) as described in the section headed “Share Options” below, share options were granted by the Company to certain directors of the Company (the “Directors”) to subscribe for the shares of the Company. Movements of the share options of the Directors during the period are set out as follows:

| Name of Directors | Date of grant | Exercise price per Share HK\$ | Number of shares options | | | | | Expiry date |
|---------------------------|----------------------------|----------------------------------|----------------------------------|---------------------------|-----------------------------|-------------------------------------|-------------------------------------|------------------|
| | | | Outstanding as at 1 January 2007 | Granted during the period | Exercised during the period | Lapsed/ cancelled during the period | Outstanding as at 30 September 2007 | |
| | | | | | | | | |
| Mr. Ho, Lawrence Yau Lung | 9 July 2002 (Note) | 1.0 | 491,057 | - | - | - | 491,057 | 8 July 2012 |
| Dr. Lee Jun Sing | 9 July 2002 (Note) | 1.0 | 491,057 | - | - | - | 491,057 | 8 July 2012 |
| Mr. Patrick Sun | 27 December 2006 (Note) | 1.292 | 2,400,000 | - | - | - | 2,400,000 | 26 December 2016 |

Note: The grant of options on 9 July 2002 and 27 December 2006 pursuant to the Share Option Scheme had been reviewed and approved by the then Independent Non-executive Directors.

During the period, none of the Directors exercised their options.

Save as disclosed above, as at 30 September 2007, none of the Directors or Chief Executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, so far as is known to the Directors, the following persons (other than a Director or Chief Executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name | Notes | Capacity | Number of Shares held | Approximate shareholding percentage |
|---|--------------|---------------------------------|------------------------------|--|
| Melco Financial Group Limited | (2) | Beneficial owner | 160,930,381 | 43.57% |
| Melco International Development Limited | (2) | Held by controlled corporation | 160,930,381 | 43.57% |
| Ms. Sharen Lo | (3) | Family | 165,654,065 | 44.85% |
| ASM Asia Recovery (Master) Fund | (4) | Beneficial owner | 23,500,000 | 6.36% |
| Argyle Street Management Limited | (4) | Investment manager | 27,000,000 | 7.31% |
| Argyle Street Management Holdings Limited | (4) | Held by controlled corporations | 27,000,000 | 7.31% |
| Mr. Chan Kin | (4) | Held by controlled corporations | 27,000,000 | 7.31% |

Notes:

1. As at 30 September 2007, the total number of issued shares of the Company was 369,357,451.
2. Melco Financial Group Limited is a wholly-owned subsidiary of Melco. Melco is taken to be interested in 160,930,381 Shares as a result of Melco being beneficially interested in the entire issued share capital of Melco Financial Group Limited.
3. Ms. Sharen Lo is the spouse of Mr. Ho, Lawrence Yau Lung and is deemed to be interested in Shares in which Mr. Ho, Lawrence Yau Lung is interested in under the SFO.

4. 23,500,000 Shares were held by ASM Asia Recovery (Master) Fund directly as beneficial owner. Argyle Street Management Limited (“ASM”), as investment manager, through ASM Asia Recovery (Master) Fund and another managed fund, was indirectly interested in an aggregate of 27,000,000 Shares. ASM is a wholly-owned subsidiary of Argyle Street Management Holdings Limited (“ASM Holdings”) which is held by Mr. Chan Kin as to 44.45%. Accordingly, ASM Holdings and Mr. Chan Kin are taken to be interested in the 27,000,000 Shares held by ASM.

Save as disclosed above, as at 30 September 2007, so far as is known to the Directors, there is no other person who had an interest or a short position in the shares and underlying shares (including interests in options, if any) of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO.

SHARE OPTIONS

At an extraordinary general meeting of the Company held on 29 November 2001, the shareholders of the Company approved the adoption of a share option scheme (the “Share Option Scheme”) which superseded the previous share option scheme of the Company adopted on 14 March 2001. Pursuant to the Share Option Scheme, the Directors may, at their discretion, grant to any participants share options to subscribe for the Company’s shares, subject to the terms and conditions as stipulated therein. Movements of the share options during the period are as follows:

| Categories of participants | Date of grant | Exercise price per Share HK\$ | Number of shares options | | | | Outstanding as at 30 September 2007 | Exercisable period |
|-------------------------------------|------------------|----------------------------------|----------------------------------|---------------------------|-----------------------------|--------------------------|-------------------------------------|--------------------------------------|
| | | | Outstanding as at 1 January 2007 | Granted during the period | Exercised during the period | Lapsed during the period | | |
| Directors ¹ | 9 July 2002 | 1.0 | 982,114 | - | - | - | 982,114 | 9 July 2002 to 8 July 2012 |
| Director ³ | 27 December 2006 | 1.292 | 2,400,000 | - | - | - | 2,400,000 | 27 December 2006 to 26 December 2016 |
| Employees ¹ | 9 July 2002 | 1.0 | 24,942 | - | - | - | 24,942 | 9 July 2002 to 8 July 2012 |
| Employees ¹ | 25 March 2004 | 0.64 | 5,723,065 | - | (1,610,565) | - | 4,112,500 | 25 March 2004 to 24 March 2014 |
| Employees ² | 15 March 2006 | 1.18 | 654,934 | - | (654,934) | - | - | 15 March 2006 to 14 March 2016 |
| Other eligible persons ¹ | 9 July 2002 | 1.00 | 1,130,107 | - | (741,773) | (9,821) | 378,513 | 9 July 2002 to 8 July 2012 |
| Other eligible persons ¹ | 25 March 2004 | 0.64 | 1,900,000 | - | (930,000) | - | 970,000 | 25 March 2004 to 24 March 2014 |
| Total | | | <u>12,815,162</u> | <u>-</u> | <u>(3,937,272)</u> | <u>(9,821)</u> | <u>8,868,069</u> | |

Notes:

1. Commencing from the date of grant up to the date falling six months thereafter, up to 50% of the shares comprised in the options can be exercised. Commencing during the period immediately after the expiry of first six months from the date of grant and ending 10 years after the date grant, all shares comprised in the options which were not previously exercised can be exercised.
2. Commencing from the date of grant and ending 10 years after the date of grant, all shares comprised in the options can be exercised.
3. Commencing from 27 December 2007 to 26 December 2016, up to 800,000 shares comprised in the options can be exercised. Commencing from 27 December 2008 to 26 December 2016, up to 1,600,000 shares comprised in the options which were not previously exercised can be exercised. Commencing from 27 December 2009 to 26 December 2016, all shares comprised in the options which were not previously exercised can be exercised.

Details of the grant of share options to the Directors are disclosed in the sub-section headed “Derivative interests in the Company” under the section of “Directors’ interests in Shares, Underlying Shares and Debentures” above.

During the nine months ended 30 September 2007, certain share options to subscribe for a total of 9,821 underlying Shares granted to one employee lapsed as the relevant employee failed to exercise the same within 3 months after the relevant employee ceased to be employee of the Group. In respect of the share options exercised during the period, the weighted average closing price of the Shares immediately before the date on which the share options were exercised was HK\$5.54. During the period, no share options were cancelled under the Share Option Scheme.

A summary of the major terms of the Share Option Scheme is set out at pages 76-85 of the circular of the Company dated 12 November 2001.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the Directors, all Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout nine months ended 30 September 2007.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to building and maintaining high standards of corporate governance. The Company has applied the principles and complied with all the requirements set out in the Code on Corporate Governance Practices the (the “HKSE Code”) contained in Appendix 15 of the GEM Listing Rules, with two deviations mentioned below, throughout the nine months ended 30 September 2007.

Code provision A.4.1 of the HKSE Code provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from this provision in that all Non-executive Directors are not appointed for specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of Non-executive Directors have given the Company's shareholders the right to approve continuation of Non-executive Directors' offices.

Code provision E.1.2 of the HKSE Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Dr. Ho Hung Sun, Stanley, Non-executive Chairman of the Board, was unable to attend the annual general meeting of the Company held on 19th April 2007 (the "AGM") as he had another business engagement. Mr. Patrick Sun, an Executive Director and Chief Executive Officer of the Group, was elected in accordance with the Articles of Association of the Company to act as the chairman of the AGM and answered questions raised by the shareholders at the AGM.

On 3rd August 2005, the Company set up the following board committees and adopted its own code on corporate governance to ensure maintenance of a high corporate governance standard:

- a. Executive Committee;
- b. Audit Committee (terms of reference of the audit committee adopted on 12th May 2004 were superseded by the new terms of reference adopted on 3rd August 2005);
- c. Remuneration Committee;
- d. Nomination Committee;
- e. Finance Committee; and
- f. Regulatory Compliance Committee.

Terms of reference of all the aforesaid committees have been posted on the Company's website, as have (1) division of responsibilities between the Company's Chairman and President and Vice Chairman and (2) duties and powers delegated to the Company's President and Vice Chairman and matters reserved for decision of the Board.

AUDIT COMMITTEE

The Company's audit committee was formed on 14 March 2001 and is currently composed of a Non-executive Director and three Independent Non-executive Directors of the Company, namely, Dr. Tyen Kanhee, Anthony (Chairman), Attorney Patajo-Kapunan, Lorna, Mr. Sham Sui Leung, Daniel and Mrs. Chu Ho Miu Hing. The terms of reference of the audit committee has been established with regard to Rule 5.29 of the GEM Listing Rules.

The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and quarterly reports and to provide advice and comments thereon to the Board; and (ii) review and supervise the financial reporting process and internal control procedures of the Group.

The audit committee has reviewed this third quarterly results of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the nine months ended 30 September 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the nine months ended 30 September 2007.

COMPETING INTERESTS

Dr. Ho Hung Sun, Stanley, the Chairman and a Non-executive Director of the Company, is the chairman and a director of Seng Heng Bank Limited in Macau ("Seng Heng Bank"). Upon completion of the acquisition by the Group of the controlling beneficial interest in The Macau Chinese Bank Limited ("MCB"), the Group would gain control over MCB. As part of the business of Seng Heng Bank consists of banking, securities brokerage and financial advisory services, the Directors believe that there is a potential risk that such part of business of Seng Heng Bank may compete with the general and investment banking business to be carried on and/or developed by the Group in Macau.

Save as disclosed above, as at 30 September 2007, none of the Directors, the substantial shareholders or the management shareholders of the Company or their respective associates had any business or interest in a business which competes or may compete with the business of the Group.

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 will remain on the GEM Website at 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.