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## **Value Convergence Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 821)

### **THE ENTERING INTO OF NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED ACQUISITION**

The Board announces that on 24 June 2018, the Purchaser and the Vendor entered into the non-legally binding MOU in relation to the Proposed Acquisition. The consideration for the Proposed Acquisition shall be HK\$147,000,000 and is expected to be satisfied by the Purchaser by a combination of cash and Consideration Shares at the issue price of HK\$1.5 per Consideration Share.

**As the MOU is not legally binding, the terms of the MOU are subject to further negotiation between the parties to the MOU and the Proposed Acquisition may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

**If the Proposed Acquisition materialises, it will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules when the Formal Agreement is entered into.**

The Board announces that on 24 June 2018, the Purchaser and the Vendor entered into the non-legally binding MOU with the Vendor in relation to the Proposed Acquisition.

#### **MOU**

Set out below are the principal terms of the MOU:

Date: 24 June 2018

Parties: INITIAL HONOUR LIMITED, as purchaser; and

Mr. Chong, Wing Chuen Vincent, as vendor

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an independent third party not connected to the Company and its connected persons.

### **Asset to be acquired**

Pursuant to the terms of the MOU, the Purchaser intends to acquire and the Vendor intends to sell the Sale Shares, representing 49% equity interest in the Target Company as at the date of the MOU.

### **Reorganisation**

Pursuant to the MOU, it is a condition precedent that the Target Company will undergo the Reorganisation, pursuant to which the PRC Company shall be indirectly wholly-owned by the Target Company. The steps and procedures of the Reorganisation shall be conducted to the satisfaction of the Purchaser and shall be in compliance with the PRC laws.

### **Consideration**

The consideration for the Proposed Acquisition shall be HK\$147,000,000 and is expected to be satisfied by the Purchaser by a combination of cash and Consideration Shares at the issue price of HK\$1.5 per Consideration Share. The issue price represents (i) a discount of approximately 7.98% to the closing price of HK\$1.63 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 3.02% over the average closing price of HK\$1.456 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

### **Profit guarantee**

Pursuant to the MOU, the Vendor shall undertake to the Purchaser that (i) the audited net profit of the Target Group attributable to the shareholders (after taxation and extraordinary or exceptional items) for the 12 months ended 30 June 2019 (the “**Guaranteed Period**”) shall not be less than HK\$30,000,000 (the “**Guaranteed Profit**”); and (ii) if the actual audited net profit of the Target Group attributable to shareholders (after taxation and any extraordinary or exceptional items) for the Guaranteed Period is less than the Guaranteed Profit, the Purchaser shall be compensated with an amount calculated by a formula to be negotiated between the parties, which shall be satisfied in cash and/or the Consideration Shares..

### **Formal Agreement**

The parties to the MOU shall negotiate in good faith to enter into the Formal Agreement before the expiry of the exclusivity period as stated below.

## **Due diligence review**

The Purchaser shall be entitled to conduct the due diligence on the assets, liabilities, operations and affairs of the Target Group after entering into of the MOU. The Vendor shall use his best endeavours to provide and procure its representatives to assist the Purchaser in connection with the due diligence review on the Target Group.

## **Exclusivity**

In consideration of the Purchaser incurring the costs of engaging advisers and spending time and incurring expenses in considering the Proposed Acquisition and in conducting the due diligence review, the Vendor grants the Purchaser an exclusivity period of 120 days from the date of the MOU (or such later date as the parties to the MOU may agree in writing), during which the Vendor will not (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Purchaser with respect to the sale or other disposition of the Sale Shares.

## **Non-legally binding effect**

Save for provisions relating to, among others, due diligence, exclusivity, right of access, confidentiality, notices, costs, legal effect, amendments, counterparts and the governing law and jurisdiction of the MOU, all other terms of the MOU are non-legally binding.

## **REASONS FOR THE PROPOSED ACQUISITION**

The Group is principally engaged in (i) the provision of financial services including securities, futures and options brokering and dealing, margin financing and money lending, and placing and underwriting services, corporate financial advisory services and asset management services; and (ii) proprietary trading including the trading of equity securities, debt securities and other financial products.

The PRC Company is a limited liability company established in the PRC and is principally engaged in the provision of multi-cryptocurrencies mining pool to which miners can connect through servers located worldwide to implement encrypted communications.

As disclosed in the Company's 2017 annual report, the Group's strategy is to strengthen the existing core business and tap into new emerging markets with expanded business initiatives and explore business opportunities in the PRC. The Proposed Acquisition represents an excellent opportunity for the Group to be exposed to the fin-tech area by leveraging the expertise of the Target Group's management team.

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**If the Proposed Acquisition materialises, it will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules when the Formal Agreement is entered into.**

## **DEFINITIONS**

Unless the context requires otherwise, capitalised terms in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration Shares”	new Shares to be allotted and issued upon Completion of the Proposed Acquisition
“Directors”	directors of the Company
“Formal Agreement”	the legally binding formal sale and purchase agreement which may or may not be entered into between the parties to the MOU in relation to the Proposed Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	the last trading day immediately before the entering into of the MOU
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

“MOU”	the non-legally binding MOU entered into between the Purchaser and the Vendor dated 24 June 2018 in relation to the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition by the Purchaser of 49% equity interest in the Target Company
“Purchaser”	INITIAL HONOUR LIMITED, an indirect wholly-owned subsidiary of the Company
“PRC Company”	a limited liability company established in the PRC which is principally engaged in the provision of multi-cryptocurrencies mining pool to which miners can connect through servers located worldwide to implement encrypted communications
“Reorganisation”	the reorganisation of the Target Group, upon completion of which the Target Company shall become the ultimate holding company of the PRC Company
“Sale Shares”	4,900 shares in the Target Company, representing 49% equity interest in the Target Company
“Share(s)”	the issued ordinary share in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	BTCC Pool Limited, a company incorporated in the British Virgin Islands with limited liability, the ultimate holding company of the PRC Company upon completion of the Reorganisation
“Target Group”	the Target Company and its subsidiaries, which shall include the PRC Company upon completion of the Reorganisation
“Vendor”	Mr. Chong, Wing Chuen Vincent, the sole shareholder of the Target Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong  
“%” per cent.

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

Hong Kong, 24 June 2018

*As at the date of this announcement, the Board comprises five Executive Directors, namely, Mr. Fu Yiu Man (Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. Lin Hoi Kwong, Aristo, Mr. Xie Jintai and Ms. Shen Li; and three Independent Non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Wong Kam Choi, Kerry, <sup>MH</sup> and Mr. Siu Miu Man, Simon.*